



## DIB Sukuk Limited

(incorporated in the Cayman Islands with limited liability)

U.S.\$7,500,000,000

### Trust Certificate Issuance Programme

Under the U.S.\$7,500,000,000 trust certificate issuance programme described in this Base Prospectus (the **Programme**), DIB Sukuk Limited (in its capacities as issuer and as trustee, the **Trustee**), subject to compliance with all applicable laws, regulations and directives, may from time to time issue trust certificates (the **Certificates**) in any currency agreed between the Trustee and the relevant Dealer (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.\$7,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Each Series (as defined in the Conditions) of Certificates issued under the Programme will be constituted by (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 23 February 2021 entered into between the Trustee, Dubai Islamic Bank PJSC (**DIB**) and Deutsche Trustee Company Limited as delegate of the Trustee (the **Delegate**, which expression shall include any co-Delegate or any successor) and (ii) a supplemental trust deed (the **Supplemental Trust Deed** and, together with the Master Trust Deed, each a **Trust Deed**) in relation to the relevant Tranche (as defined in the Conditions). Certificates of each Series confer on the holders of the Certificates from time to time (the **Certificateholders**) the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the **Trust**) over the Trust Assets (as defined below) which will include, *inter alia*, (i) the relevant Portfolio (as defined herein); and (ii) the relevant Transaction Documents (as defined below).

The Certificates may be issued on a continuing basis to one or more of the Dealers (each a **Dealer** and together the **Dealers**) specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Trustee and DIB, which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Certificates.

**The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks, see “Risk Factors”.**

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland (the **Irish Central Bank**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The Irish Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Irish Central Bank should not be considered as an endorsement of the Trustee or DIB or of the quality of the Certificates. Investors should make their own assessment as to the suitability of investing in the Certificates.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the **Official List**) and to trading on the regulated market (the **Euronext Dublin Regulated Market**) of Euronext Dublin. The Euronext Dublin Regulated Market is a regulated market for the purposes of Directive 2014/65/EU (**MiFID II**). Such approval relates only to the Certificates which are to be admitted to trading on the Euronext Dublin Regulated Market or on another regulated market for the purposes of MiFID II and/or which are to be offered to the public in any member state of the European Economic Area (the **EEA**) in circumstances that require the publication of a prospectus.

This Base Prospectus has been approved by the Dubai Financial Services Authority (the **DFSA**) under Rule 2.6 of the DFSA’s Markets Rules (the **Markets Rules**) and is therefore an approved prospectus for the purposes of Article 14 of the DIFC Law No.1 of 2012 (the **Markets Law**). Application has also been made to the DFSA for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the **DFSA Official List**) maintained by the DFSA and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Trustee and DIB. The DFSA has also not assessed the suitability of the Certificates to which this Base Prospectus relates to any particular investor or type of investor and has not determined whether they are Sharia compliant. If you do not understand the contents of this Base Prospectus or are unsure whether the Certificates to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

References in this Base Prospectus to the Certificates being **listed** (and all related references) shall mean that such Certificates have been (a) admitted to listing on the Official List and admitted to trading on the Euronext Dublin Regulated Market or, as the case may be, another MiFID regulated market and/or (b) admitted to listing on the DFSA Official List and admitted to trading on Nasdaq Dubai.

The Programme provides that Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, DIB and the relevant Dealer. The Trustee may also issue unlisted Certificates and/or Certificates not admitted to trading on any market.

**This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Certificates which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

Notice of the aggregate face amount of Certificates, profit (if any) payable in respect of the Certificates, the issue price of the Certificates and certain other information which is applicable to each Tranche will be set out in a final terms document (the **applicable Final Terms**) which will be delivered to the Irish Central Bank and, with respect to Certificates to be listed on Euronext Dublin and, with respect to Certificates to be listed on Nasdaq Dubai, the DFSA and Nasdaq Dubai. Copies of Final Terms in relation to Certificates to be listed on (i) Euronext Dublin will also be published on the website of the Irish Central Bank and (ii) Nasdaq Dubai will also be published on the website of the DFSA.

The Certificates have not been nor will be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) nor with any securities regulatory authority of any state or other jurisdiction of the United States and the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Accordingly, Certificates may be offered or sold solely to persons who are not U.S. persons (as defined in Regulation S) outside the United States in reliance on Regulation S. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

DIB has been assigned long term ratings of “A” by Fitch Ratings Limited (**Fitch**) with a “stable” outlook and “A3” by Moody’s Investors Service Cyprus Ltd. (**Moody’s**) with a “negative” outlook. Fitch is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK CRA Regulation**). Fitch is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Moody’s is established in the European Union and is registered under the CRA Regulation. As such, Moody’s is included in the list of credit rating agencies published by ESMA on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The

rating issued by Moody's has been endorsed by Moody's Investors Service Ltd. Moody's Investors Service Ltd. is established in the United Kingdom and is registered under the UK CRA Regulation.

A Series to be issued under the Programme may be rated or unrated. Where a Series is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Fatwa and Sharia Supervisory Board of DIB and the Sharia Committee of Dar al Sharia Islamic Finance Consultancy LLC, First Abu Dhabi Bank Internal Shariah Supervision Committee, the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited and the Standard Chartered Bank Global Shariah Supervisory Committee. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Sharia advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Sharia principles.

Amounts payable on Certificates in respect of which the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable will be calculated by reference to one of EURIBOR, LIBID, LIBOR, LIMEAN, SHIBOR, HIBOR, SIBOR, KLIBOR, EIBOR, SAIBOR, BBSW, AUD LIBOR, JPY LIBOR, PRIBOR, CNH HIBOR, TRLIBOR or TRYLIBOR and TIBOR, as specified in the applicable Final Terms. As at the date of this Base Prospectus, the administrators of EURIBOR, LIBOR, SIBOR, BBSW, JPY LIBOR, PRIBOR and SAIBOR are included in the register of administrators of ESMA under Article 36 of Regulation (EU) No. 2016/1011 (the **EU Benchmarks Regulation**). As at the date of this Base Prospectus, the administrators of LIBID, LIMEAN, SHIBOR, HIBOR, KLIBOR, EIBOR, AUD LIBOR, CNH HIBOR, TRLIBOR, TRYLIBOR and TIBOR are not included in ESMA's register of administrators under the EU Benchmarks Regulation. As far as the Trustee is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that the Treasury Markets Association of Banks, Bank Negara Malaysia, the UAE Central Bank, ASX Limited, the Czech Financial Benchmark Facility s.r.o., the Banks Association of Turkey, the JBA TIBOR Administration and the New Zealand Financial Markets Association, are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

***Arranger***

**Dubai Islamic Bank**

***Dealers***

**Dubai Islamic Bank**

**HSBC**

**First Abu Dhabi Bank**

**Standard Chartered Bank**

The date of this Base Prospectus is 23 February 2021.

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. This Base Prospectus complies with the requirements in Part 2 of the Markets Law and Chapter 2 of the Markets Rules.

Each of the Trustee and DIB accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche issued under the Programme. To the best of the knowledge of each of the Trustee and DIB (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information under the headings “*Risk Factors*”, “*Description of the Group*” and “*The United Arab Emirates Banking Sector and Regulations*” has been extracted from information provided by or obtained from independent third party sources and, in each case, the relevant source of such information is specified where it appears under those headings.

Each of the Trustee and DIB confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Certificates, should be read and construed together with the applicable Final Terms.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the Irish Central Bank.

No person is or has been authorised by the Trustee or DIB to give any information or to make any representation not contained in or not consistent with this Base Prospectus in connection with the Programme or the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, DIB, the Dealers (as defined under “*Overview of the Programme*”), the Delegate, the Agents (each as defined herein) or any other person. Neither the delivery of this document nor any sale of any Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate and the Dealers expressly do not undertake to review the financial condition or affairs of the Trustee or DIB at any point, including during the life of the Programme, or to advise any investor in Certificates issued under the Programme of any information coming to their attention.

None of the Dealers, the Delegate or the Agents has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any other information provided by DIB in connection with the Programme and no responsibility or liability is accepted for the acts or omissions of DIB or any other person in connection with the Programme or the issue and offering of Certificates thereunder.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF CERTIFICATES GENERALLY**

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates is (i) intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Trustee, DIB, the Dealers, the Delegate or the Agents that any recipient of this Base Prospectus should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and DIB. None of the Dealers, the Trustee, the Delegate or the Agents accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Trustee and DIB in connection with the Programme.

The Certificates of any Series may not be a suitable investment for all investors. Each potential investor in Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact the relevant Certificates will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including where the currency of payment is different from the potential investor's currency;
- (d) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Certificates are legal investments for it, (2) Certificates can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

No comment is made or advice given by the Trustee, DIB, the Dealers, the Delegate or the Agents in respect of taxation matters relating to any Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

**EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, SHARIA ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Trustee, DIB, the Dealers, the Delegate or the Agents represents that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In

particular, no action has been taken by the Trustee, DIB, the Dealers, the Delegate or the Agents which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the EEA, the United Kingdom, the Cayman Islands, Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, Singapore, Hong Kong, Malaysia and the People's Republic of China, see "*Subscription and Sale*".

None of the Dealers, the Trustee, DIB or the Delegate makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### PRESENTATION OF FINANCIAL INFORMATION

The financial statements relating to the Group included in this document are as follows:

- audited consolidated financial statements as at and for the year ended 31 December 2020 together with comparative financial information for the year ended 31 December 2019 (the **2020 Financial Statements**); and
- audited consolidated financial statements as at and for the year ended 31 December 2019 together with comparative financial information for the year ended 31 December 2018 (the **2019 Financial Statements** and, together with the 2020 Financial Statements, the **Financial Statements**).

The Group's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (the **IASB**). The Financial Statements were audited in accordance with International Standards on Auditing by Deloitte & Touche (M.E.), without qualification as stated in their audit reports appearing therein.

The Group publishes its financial statements in dirham.

### PRESENTATION OF OTHER INFORMATION

In this document, references to:

- **Abu Dhabi** and **Dubai** are to the Emirate of Abu Dhabi and the Emirate of Dubai, respectively;
- **Central Bank** are to the central bank of the UAE;
- **GCC** are to the Gulf Co-operation Council;
- **Group** are to DIB and its consolidated subsidiaries and associates taken as a whole;
- **MENA region** are to the Middle East and North Africa region;
- **UAE** are to the United Arab Emirates;
- **U.S.\$** and **U.S. dollars** are to the lawful currency of the United States;

- **euro** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **dirham** and **AED** are to the lawful currency of the UAE; and
- a **billion** are to a thousand million.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00. All U.S. dollar translations of dirham amounts appearing in this Base Prospectus have been translated at this fixed exchange rate. Such translations should not be construed as representations that dirham amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments. For the purposes of calculating certain figures and percentages, the underlying numbers used have been extracted from the relevant financial statements rather than the rounded numbers contained in the Base Prospectus. Accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Information contained in any website referred to herein does not form part of this Base Prospectus.

#### **ALTERNATIVE PERFORMANCE MEASURES**

A number of the financial measures presented by DIB in this Base Prospectus are not defined in the IFRS accounting standards. However, DIB believes that these measures provide useful supplementary information to both investors and DIB's management, as they facilitate the evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined in the IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined in the IFRS and not included in DIB's financial statements incorporated by reference into this Base Prospectus:

- provision coverage ratio: provision for impairment / non-performing investing and financing assets;
- overall coverage ratio: aggregate of provision for impairment and discounted value of collateral / non-performing investing and financing assets;
- impaired ratio: impaired financing and investing assets / gross financing and investing assets, and investments in bilateral sukuk;
- return on equity: net profit attributable to equity holders / average shareholders' equity, adjusted for estimated distribution;
- return on assets: net profit for the group / average total assets;
- cost to income ratio: total operating expenses / net income;
- net profit margin: net funded income (gross income from financing and investing transactions less depositors and sukuk holders' share of profit) / average earning assets (aggregate of financing and investing assets, investment in Islamic sukuk, due from banks and financial institutions and international murabaha with Central Bank); and
- financing / customer deposits: net Islamic financing and investing assets / customer deposits.

## VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund”, and (iii) entering into certain relationships with “covered funds”. The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a “banking entity” as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment. If investment by “banking entities” in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, DIB, the Arranger, the Delegate, the Agents or the Dealers, or any of their respective affiliates makes any representation regarding (a) the status of the Trustee under the Volcker Rule (including whether it is a “covered fund” for their purposes) or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

## MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Certificates will include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Certificates will include a legend entitled “UK MiFIR product governance” which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

## NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE SFA)

Unless otherwise stated in the applicable Final Terms all Certificates issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be “forward-looking statements”. Forward-looking statements include statements concerning DIB’s plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should” and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled “*Risk Factors*”, “*Description of the Group*” and “*Risk Management*” and other sections of this Base Prospectus. DIB has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although DIB believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those identified below or which DIB has otherwise identified in this Base Prospectus, or if any of DIB’s underlying assumptions prove to be incomplete or inaccurate, DIB’s actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections “*Risk Factors*”, “*Description of the Group*”, “*Risk Management*” and “*The United Arab Emirates Banking Sector and Regulations*”, which include a more detailed description of the factors that might have an impact on DIB’s business development and on the industry sector in which DIB operates.

These forward-looking statements speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws, DIB expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based. Given the uncertainties of forward-looking statements, DIB cannot assure potential investors that projected results or events will be achieved and DIB cautions potential investors not to place undue reliance on these statements.

## NOTICE TO UK RESIDENTS

**Any Certificates to be issued under the Programme which do not constitute “alternative finance investment bonds” (AFIBs) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the FSMA)) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority (FCA). Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.**

**The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the *Financial Promotion Order*); (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the *Promotion of CISs Order*); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise be lawfully promoted. Persons of any other description in the United**



**Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to any Certificates.**

**Prospective investors in the United Kingdom in any Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.**

**Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.**

#### **NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS**

**No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for any Certificates to be issued under this Programme and this Base Prospectus shall not be construed as an invitation to the public of the Cayman Islands to subscribe for any such Certificates.**

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA**

**This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.**

**The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.**

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN**

**In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the *CBB*) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.**

**This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.**

**The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to or made available to the public generally.**

## **NOTICE TO RESIDENTS OF MALAYSIA**

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories of person set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia (*CMSA*), as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or DIB and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

## **STABILISATION**

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF CERTIFICATES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF THE CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF THE CERTIFICATES. ANY STABILISATION ACTION MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

## TABLE OF CONTENTS

<b>RISK FACTORS.....</b>	<b>1</b>
<b>DOCUMENTS INCORPORATED BY REFERENCE .....</b>	<b>24</b>
<b>STRUCTURE DIAGRAM AND CASHFLOWS .....</b>	<b>25</b>
<b>OVERVIEW OF THE PROGRAMME.....</b>	<b>28</b>
<b>FORM OF THE CERTIFICATES.....</b>	<b>35</b>
<b>FORM OF FINAL TERMS .....</b>	<b>37</b>
<b>TERMS AND CONDITIONS OF THE CERTIFICATES .....</b>	<b>49</b>
<b>USE OF PROCEEDS.....</b>	<b>82</b>
<b>DESCRIPTION OF THE TRUSTEE .....</b>	<b>83</b>
<b>SELECTED FINANCIAL INFORMATION .....</b>	<b>85</b>
<b>DESCRIPTION OF THE GROUP.....</b>	<b>87</b>
<b>RISK MANAGEMENT.....</b>	<b>106</b>
<b>MANAGEMENT AND EMPLOYEES.....</b>	<b>117</b>
<b>THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS.....</b>	<b>126</b>
<b>SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS .....</b>	<b>138</b>
<b>TAXATION .....</b>	<b>150</b>
<b>SUBSCRIPTION AND SALE.....</b>	<b>152</b>
<b>GENERAL INFORMATION .....</b>	<b>158</b>

## **RISK FACTORS**

*The purchase of any Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Base Prospectus.*

*Each of the Trustee and DIB believes that the factors described below represent the principal risks inherent in investing in Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate may occur for other reasons and none of the Trustee or DIB represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or DIB or which the Trustee or DIB currently deems immaterial, that may impact any investment in Certificates.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in “Structure Diagram and Cashflows”, “Form of the Certificates” and “Terms and Conditions of the Certificates” shall have the same meanings in this section.*

### **FACTORS THAT MAY AFFECT THE TRUSTEE’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER CERTIFICATES ISSUED UNDER THE PROGRAMME**

The Trustee will not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee’s only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to each Series of Certificates, including its right to receive payments under the relevant Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates of each Series will primarily be dependent upon receipt by the Trustee of all amounts due from DIB under the relevant Transaction Documents. Therefore the Trustee is subject to all the risks to which DIB is subject to the extent that such risks could limit DIB’s ability to satisfy in full and on a timely basis their respective obligations under the Transaction Documents to which they are a party. See “*Risk Factors – Factors that may affect DIB’s ability to fulfil its obligations under the Transaction Documents to which it is a party*” below for a further description of these risks.

### **FACTORS THAT MAY AFFECT DIB’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS TO WHICH IT IS A PARTY**

#### **RISKS RELATING TO DIB**

**The Group's business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions and the impact of COVID-19 on the UAE's economy is likely to materially adversely impact the Group**

DIB, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. In 2020 and to date in 2021, the macro-economic environment (both globally and within the UAE) has been materially affected by the coronavirus disease 2019 (known as **COVID-19**), which was first identified in Wuhan, Hubei Province, China in December 2019 and has since spread to most countries around the world. Many of these countries, including the United States, India and Brazil, have been significantly impacted and have experienced high levels of deaths connected with COVID-19. As at 22 February 2021, the World Health Organisation had recorded more than 110 million confirmed cases of COVID-19 and more than 2.4 million deaths from COVID-19 around the world.

Most affected countries introduced measures to try to contain the spread of the virus, including measures that restricted the movement of their citizens. These measures significantly reduced economic activity in many countries around the world. It remains unclear how long COVID-19 related restrictions will remain in place and what their ultimate impact will be on global and local economies, as well as the price of oil. The economic impact of COVID-19 has already included, and may continue to result in, significant volatility in financial markets and reduced global liquidity and investment, and it may lead to lower economic growth in the GCC and globally.

In response to the impact of COVID-19 on their domestic economies, various governments around the world, including the UAE (see further "*The United Arab Emirates Banking Sector and Regulations – COVID-19*"), have announced fiscal stimulus packages and numerous central banks, including the U.S. Federal Reserve and the Central Bank, have cut interest rates and introduced fiscal stimulus and/or support packages. These and any future reductions in rates or changes in fiscal stimulus packages or Central Bank measures could reduce liquidity and adversely impact the Group's financing costs, if the Group is unable to pass these increased costs on to its customers.

In addition, and in part due to the impact of the restrictions imposed to combat COVID-19 on the demand for oil, international oil prices fell significantly in 2020. In early March 2020, OPEC officials proposed a plan to the members of OPEC and other non-OPEC member countries, including Russia, to cut global production by 1.5 per cent. to help support the oil price. No agreement was reached, ending a three-year partnership between OPEC and major non-OPEC oil exporters. This also resulted in 'OPEC plus' failing to extend the agreement of cutting 2.1 million barrels per day that was set to expire at the end of March 2020. Saudi Arabia announced in March 2020 that it would raise oil output and discount its oil in April 2020. In early April 2020, 'OPEC plus' announced that it had reached an agreement to cut production by 9.7 million barrels a day. However this action failed to sufficiently support the oil market with prices falling in the days following the announcement. Reflecting these developments, the average monthly price of the OPEC Reference Basket (which is a notional blend of crudes from around the world), which was U.S.\$65.10 in January 2020, fell to U.S.\$33.92 in March 2020 and U.S.\$17.66 in April 2020. Since then, the average monthly prices of the OPEC Reference Basket began to recover leading to an average annual OPEC Reference Basket price in 2020 of U.S.\$41.47. In comparison, the average annual prices of the OPEC Reference Basket were U.S.\$69.78 in 2018 and U.S.\$64.04 in 2019.

The significant reduction in international oil prices in 2020, particularly if they continue to remain low for an extended period, may impact the Group in a number of ways, including through (i) its exposure to customers whose business is, directly or indirectly, reliant on oil revenue who become unable to service their debt, (ii) reduced liquidity as deposits from government and government-related entities are withdrawn as these depositors are impacted by low oil prices, and (iii) the impact of low oil prices and the COVID-19 restrictions imposed by the UAE on the UAE's economy and the consequent impact on the Group's wholesale and retail customers. All of these factors have the potential to impact the Group's assessment of its expected credit losses and may therefore result in significantly increased impairment charges in future periods, at least until the UAE and other economies to which it is exposed recover from the effects of COVID-19 restrictions and low oil prices. For example, the Group's impairment charges, net for 2020 were AED 4,552 million compared to AED 1,764 million for 2019, an increase of AED 2,788 million, or 158 per cent.

### **The Group is exposed to credit risk**

Risks arising from adverse changes in the credit quality and recoverability of financing, investment securities and amounts due from counterparties are inherent in a wide range of the Group's businesses, principally in its lending and investment activities. In particular, the Group is exposed to the risk that borrowers may not repay their financing according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. This risk is heightened in times of economic downturns, including the downturn that is expected to result from the COVID-19 pandemic. The Group continuously reviews and analyses its loan portfolio and credit risks, and the Group's provision for credit losses is based on, among other things, its analysis of current and historical delinquency rates and Islamic financing asset management and the valuation of the underlying assets, as well as numerous other management assumptions. However, these internal

analyses and assumptions may give rise to inaccurate predictions of credit performance, particularly in the current volatile economic climate.

Credit losses could also arise from a deterioration in the credit quality of specific borrowers, issuers and other counterparties of the Group, or from a general deterioration in local or global economic conditions, or from systemic risks within financial systems, any or all of which could affect the recoverability and value of the Group's assets and require an increase in the Group's provisions for the impairment of Islamic financing, investment securities and other credit exposures.

As at 31 December 2020, the Group had provisions for impairment in relation to its Islamic financing and investing assets amounting to AED 8,401 million compared to provisions for impairment in relation to its Islamic financing and investing assets amounting to AED 6,081 million as at 31 December 2019. Any failure by the Group to maintain the quality of its assets through effective risk management policies could lead to higher Islamic financing loss provisioning and result in higher levels of defaults and write-offs. In addition, the Central Bank may, at any time, amend or supplement its guidelines and require additional provisions to be made in respect of the Group's Islamic financing and investing assets if it determines (acting in its role as the prudential regulator for the UAE banking sector) that it is appropriate to do so. If any additional provisions were required to be made, then depending on the exact quantum and timing, such provisions could have an adverse impact on the Group's financial performance.

### **The Group's Islamic financing and investing activities and its investments in sukuk are geographically concentrated in the UAE**

Concentrations in the Group's financing, investing and deposit portfolios subject it to risks of default by its larger customers, to significant exposure to the UAE economy and to particular sectors of the UAE economy that may underperform and to withdrawal of large deposits. The Group's financing and deposit portfolios show country, industry and customer concentrations.

The Group's consolidated portfolio of Islamic financing and investing assets, net of impairment provisions, constituted 68 per cent. of its consolidated total assets, or AED 196,689 million (U.S.\$53,557 million), as at 31 December 2020. As at the same date, 94 per cent. of the Group's Islamic financing and investing assets, before impairment provisions, were concentrated in the UAE. In addition, as at the same date, the Group's investments in Islamic sukuk, net of impairment provisions, constituted a further 12 per cent. of its consolidated total assets, or AED 35,355 million (U.S.\$9,627 million). As at the same date, 55 per cent. of the Group's investments in Islamic sukuk (before provision for impairment) were also concentrated in the UAE.

As a result, any deterioration in general economic conditions in the UAE or any failure by the Group to manage effectively its geographic risk concentration could lead to a deterioration in the credit quality of counterparties of the Group. See "*The Group's business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions and the impact of COVID-19 on the UAE's economy is likely to materially adversely impact the Group*" above.

### **A significant decrease in the quality of the Group's Islamic financing and investing assets could materially adversely affect its business**

The Group's IFRS stage 3 Islamic financing and investing assets (including purchased or originated credit impaired (POCI)) were AED 12,061 million as at 31 December 2020 compared to AED 6,225 million as at 31 December 2019. The Group's impaired ratio (defined as the ratio of impaired Islamic financing and investing assets to the aggregate of total Islamic financing and investing assets and investments in bilateral sukuk) amounted to 5.7 per cent. as at 31 December 2020 compared to 3.9 per cent. as at 31 December 2019 and 3.3 per cent. as at 31 December 2018.

The Group's IFRS stage 1, stage 2 and stage 3 expected credit loss amounted to AED 1,133 million, AED 937 million and AED 6,332 million, respectively, as at 31 December 2020 compared to AED 1,076 million, AED 966 million and AED 4,039 million, respectively, as at 31 December 2019. The Group's stage 2 expected credit loss (which is the same as its provision for impairment) as a percentage of its stage 2 gross exposure

was 6 per cent. as at 31 December 2020 and 8 per cent. as at 31 December 2019. The Group's stage 3 expected credit loss as a percentage of its stage 3 gross exposure was 52 per cent. as at 31 December 2020 and 65 per cent. as at 31 December 2019.

As at 31 December 2020, the Group had deferred instalments of AED 8,225 million related to 230 corporate banking customers and AED 533 million related to 53,814 consumer banking customers. The total exposure related to these approved deferrals was AED 31,131 million for corporate banking customers and AED 5,287 million for consumer banking customers. These deferrals were partially funded by drawings of AED 3,200 million under the Central Bank's targeted economic support scheme. There can be no assurance that the Central Bank funding for deferred instalments will continue to be available or will cover all of the Group's losses in relation to the financings concerned.

Any significant deterioration in the Group's Islamic financing and investing assets in future periods could result in increased provisions for impairment and thus materially adversely affect its business.

### **The Group is exposed to adverse changes in the real estate market in the UAE**

As at 31 December 2020, the Group's gross maximum exposure to credit risk (before taking into account collateral or other credit enhancements held) to customers operating in the real estate sector was AED 63,030 million, or 19 per cent. of its total gross maximum exposure to credit risk. In addition, the Group's gross maximum exposure to credit risk to consumer home finance customers and customers operating in the contracting sector was AED 21,384 million and AED 12,138 million, respectively, equal to 7 per cent. and 4 per cent., respectively, of its total gross maximum exposure to credit risk. The Group is exposed to the consumer home finance sector both directly and through its subsidiary, Tamweel P.S.C. (**Tamweel**), whose core business is the provision of Sharia-compliant home financing solutions within the UAE.

The Group has a secondary exposure to the real estate market where its Islamic financing and investing assets which are not advanced to customers in the sectors described above are secured by real estate collateral.

Any significant downturn in the UAE real estate market could weaken the credit quality of the Group's real estate and contracting clients resulting in increased provisions for impairment and would also be likely to reduce the value of the real estate collateral securing the Group's consumer home financing or any of its other Islamic financing and investing assets secured by real estate collateral, again potentially resulting in increased provisions for impairment and therefore reduced profitability.

### **The Group has significant credit-related contingent liabilities and commitments that may lead to substantial potential losses**

As part of the Group's lending and trade-related activities, the Group provides guarantees and letters of credit, which are commitments to make payments on behalf of customers contingent upon the failure of the customer to satisfy its obligations supported by the commitment, and also makes irrevocable commitments to make financing available to customers. Although these commitments are contingent and therefore off-balance sheet, they nonetheless subject the Group to related credit risk. Credit-related commitments are subject to the same credit approval and compliance procedures as financing advanced to customers and commitments to extend financing are contingent on customers maintaining specific credit standards. As at 31 December 2020, the Group had AED 40,847 million of credit-related contingent liabilities and commitments outstanding, being 12 per cent. of its total assets plus credit-related contingent liabilities and commitments. Although the Group anticipates that only a portion of its obligations in respect of these commitments will be triggered, it may become obliged to make payments in respect of a greater portion of such commitments than originally anticipated, which could have a material adverse effect on its business, results of operations and financial condition.

**The Group could be adversely affected by the weakness or the perceived weakness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults**

Against the backdrop of constraints on liquidity and the high cost of funds in the interbank market, and given the high level of interdependence between financial institutions that became most evident following the bankruptcy of Lehman Brothers in 2008, the Group is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to significant losses, and potentially defaults, by other institutions. As was experienced globally in 2008 and 2009, concerns about, or a default by, one institution could also lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions is closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Group or other institutions. This risk, often referred to as "systemic risk", may also adversely affect other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, with whom the Group interacts on a daily basis. Systemic risk, should it materialise, could have a material adverse effect on the Group's ability to raise new funding and on its business and prospects.

**The Group is subject to the risk that liquidity may not always be readily available or may only be available at significant cost**

Liquidity risk is the risk that the Group may be unable to meet its payment obligations when they fall due under normal and stressed circumstances. Liquidity risks could arise from the inability of the Group to anticipate and provide for unforeseen decreases or changes in funding sources which could have adverse consequences on the Group's ability to meet its obligations when they fall due.

The Group's customers' deposits, which are its principal source of funding, constituted 84 per cent. of its total liabilities, or AED 205,925 million (U.S.\$56,072 million), as at 31 December 2020, of which the majority were located in the UAE. As is the normal practice in the UAE banking industry, the Group accepts deposits from its customers which are short-term in nature and its ability to meet Central Bank regulations relating to liquidity. Any such withdrawal could require the Group to seek additional sources of funding (whether in the form of deposits or wholesale funding), which may not be available to the Group on commercially acceptable terms or at all. Any failure to obtain replacement funding would be likely to negatively impact the Group's ability to maintain or grow its Islamic financing portfolio or otherwise increase its overall cost of funding, any of which could have a material adverse effect on its business. Accordingly, there is a risk, which is heightened in periods where liquidity is constrained, that, if a significant number of the Group's customers did not choose to roll over their deposits at any time, the Group could experience difficulties in repaying those deposits.

An inability on the Group's part to access funds or to access the markets from which it raises funds may lead to the Group being unable to finance its operations adequately. A dislocated credit environment compounds the risk that the Group will not be able to access funds on favourable commercial terms (including profit payable thereon). These and other factors could also lead creditors to form a negative view of the Group's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds.

In addition, there are timing differences between the cash payments the Group owes on its liabilities and the cash payments due to it on its financing advanced and investments made. The Group's ability to overcome these cash mismatches may be adversely affected if the fixed income markets were to experience significant liquidity problems. Also, under certain market conditions, the Group could be unable to sell additional products or be unable to sell its portfolio investments in sufficient amounts to raise the cash required to fulfil its obligations under the Transaction Documents to which it is a party when due.

There can be no assurance that the Group will be able to obtain additional funding as and when required or at prices that will not affect the Group's ability to compete effectively and, if the Group is forced to sell assets to meet its funding requirements, it may suffer material losses as a result. In extreme cases, if the Group is unable to secure funding to meet its liquidity needs, through customers' deposits, interbank financing, capital markets



or asset sales, this would have a material adverse effect on the Group's business and prospects and could, potentially, result in its insolvency.

**The Group is highly regulated and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on the Group's business**

The Group is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic, social and other objectives and limit their exposure to risk. Some of these controls are described further in *"The United Arab Emirates Banking Sector and Regulation"*. These regulations include UAE federal laws and regulations (particularly those of the UAE federal government and the Central Bank), as well as the laws and regulations of the other countries in which the Group operates. In particular (but without limitation), the Group is subject to restrictions on credit limits in respect of real estate and construction financing, major shareholders and large exposures to a single customer or group of connected customers (based on the Group's customer deposits and/or capital and reserves as prescribed by the Central Bank).

Such regulations may limit the Group's ability to increase its Islamic financing portfolio or raise capital or may increase its cost of doing business. For example, since 1 January 2019, DIB, as a domestic systemically important bank, has been required to maintain an additional 50 basis points of capital which is to be met in its entirety by Common Equity Tier 1 capital.

Any future changes in laws or in Central Bank regulations or policy and/or the manner in which they are interpreted or enforced may affect the Group's reserves, revenues and performance and may have a material adverse effect on its business, results of operations, financial condition and prospects, including its ability to compete successfully in the geographies in which it operates. Furthermore, non-compliance with regulatory guidelines could expose the Group to potential liabilities and fines. Although the Group works closely with its regulators and continually monitors its compliance with Central Bank regulations and policy, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

**The Group's financial condition and results of operations could be adversely affected by market risks, including volatility in profit rates, prices of securities and foreign exchange rates**

The Group's financial condition and results of operations could be affected by market risks that are outside its control, including, without limitation, volatility in profit rates, prices of securities and foreign exchange rates. Fluctuations in interest rates could adversely affect the Group's financial condition and results of operations in many ways. In particular, an increase in profit rates generally may decrease the value of the Group's fixed-income Islamic financing and investing assets and its investments in sukuk and may raise the Group's funding costs. As a result, the Group may experience a reduction in its net income. For an illustration of the possible scale of this risk, see note 47.4.2 to the 2020 Financial Statements and note 48.4.2 to the 2019 Financial Statements which contain sensitivity analyses in relation to changes in profit rates. Profit rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the Central Bank and the U.S. Federal Reserve, political factors and domestic and international economic conditions.

The Group's financial condition and results of operations may also be affected by changes in the market value of its equity investment securities. The Group earns dividend income on these securities, realises gains and losses on the sale of securities and records unrealised gains and losses resulting from the fair valuation of these securities at each balance sheet date in its statement of comprehensive income. The level of the Group's income from its equity investment securities depends on numerous factors beyond the Group's control, such as overall market trading activity, interest rate levels, fluctuations in currency exchange rates and general market volatility.

Adverse movements in foreign exchange rates may also adversely impact the revenue and financial condition of the Group's depositors and borrowers, including those who are financed in, or make deposits in, foreign currencies or whose businesses have foreign currency exposures, which, in turn, may impact the Group's deposit base and the quality of its exposures to certain borrowers. In general, the Group aims to advance foreign currency financing on terms that are generally similar to its foreign currency funding, thereby naturally

hedging its exposure. Where this is not possible, it generally relies on derivative instruments to match the currencies of its assets and liabilities. Any open currency position is maintained within the limits set by the Central Bank. However, where the Group is not hedged, it is exposed to fluctuations in foreign exchange rates and any hedging strategy that it uses may not always be effective. Adverse movements in foreign exchange rates also may impact the creditworthiness of its depositors and finance counterparties negatively, which in turn may impact on its deposit base and the quality of its exposures to certain finance counterparties.

**The Group depends on complex information technology systems, the failure, ineffectiveness or disruption of which could have a material adverse effect on it**

The Group is dependent on sophisticated information technology (IT) systems, the failure, ineffectiveness or disruption of which could materially adversely affect its businesses.

The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to its business and ability to compete effectively. The Group's business activities would be materially disrupted if there is a partial or complete failure of any of these information technology systems or communications networks. Such failures can be caused by a variety of factors, many of which are wholly or partially outside the Group's control including natural disasters, extended power outages and computer viruses or other malicious intrusions, see "*— The Group's business is dependent on its IT systems which are subject to potential cyber-attack*" below.

The proper functioning of the Group's IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing the Group's transaction data could subject it to claims for losses and regulatory fines and penalties.

The Group relies on third party service providers for certain aspects of its business operations. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the quality of the Group's operations and could impact its reputation.

The Group has implemented and tested business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on the Group's business and reputation.

**The Group's business is dependent on its IT systems which are subject to potential cyber-attack**

DIB recognises the importance of technology in building the Group's business capabilities with the ambition of accomplishing its objectives of growth, expansion and competitive market positioning. Technology is at the core of the Group's strategy and for that reason a digital technology roadmap is embedded within its business plans.

However, in common with other financial institutions globally, the threat to the security of the Group's information and customer data from security breaches and cyber-attacks presents a real and growing risk to its business. Activists, rogue states and cyber criminals are among those targeting IT systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security.

A failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of material adverse effects on the Group, including disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation.

**The Group's ability to manage operational risks is dependent upon its internal compliance systems, which might not be fully effective in all circumstances**

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements or conduct

of business rules, failure of internal systems, equipment and external systems (including those of the Group's counterparties or vendors) and the occurrence of natural disasters. The Group has a detailed operational risk framework which clearly defines the roles and responsibilities of individuals and units across different Group functions that are involved in performing various operational risk management tasks. The operational risk management framework is also aimed at ensuring that operational risks within those areas are properly identified, monitored, managed and reported.

The Group's ability to manage operational risk, including its ability to comply with all applicable regulations, is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although the Group is subject to external audit and oversight by regulatory authorities, including regular examination activity, performs regular internal audits to monitor and test its compliance systems, the Group cannot be certain that these systems and procedures will be fully effective in all circumstances, particularly in the case of deliberate employee misconduct or other frauds perpetrated against the Group. In the case of actual or alleged non-compliance with applicable regulations, the Group could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages. Any of these could have a material adverse effect on the Group's business.

**The Group's risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks**

The Group's risk management strategies and internal controls may not be effective in all circumstances and may leave the Group exposed to unidentified or unanticipated risks. There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect the Group against, all credit, liquidity, market, operational and other risks. In addition, certain risks may not be accurately quantified by the Group's risk management systems. Some of the Group's methods of managing risk are based upon the use of historical market data which, as evidenced by events caused by the global financial crisis, may not always accurately predict future risk exposures, which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than the Group's empirical data would otherwise indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which the Group operates, its clients or other matters that are publicly available or information otherwise accessible to the Group. This information may not be accurate, complete, up-to-date or properly evaluated in all cases. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Group's business.

**The Group's business may be influenced by DIB's principal beneficial shareholder**

DIB's principal shareholder is the Government of Dubai, which directly and indirectly held 25.82 per cent. of DIB's share capital as at 31 December 2020. By virtue of this shareholding, the Government of Dubai has the ability to appoint the chairman of DIB's Board of Directors (the **Board**) and influence the Group's business through its influence on the Board and its ability to control certain actions that require 75 per cent. shareholder approval. If circumstances were to arise where the interests of the Government of Dubai or any future major shareholder conflicts with the interests of the Certificateholders, Certificateholders could be disadvantaged by any such conflict.

**The Group's business is influenced by growth in its portfolio of Islamic financing and investing assets**

The Group's Islamic financing and investing assets and investments in bilateral sukuk after netting of impairment provisions, have grown from AED 137 billion (U.S.\$37 billion) as at 31 December 2017 to AED 202 billion (U.S.\$55 billion) as at 31 December 2020.

The increase in the Group's Islamic financing and investing assets portfolio during this period has increased its credit exposure. In addition, DIB's strategy of continuing to grow its core banking activities organically within the UAE by offering a wider range of products (in particular in relation to its retail businesses) and its

acquisition of Noor Bank PJSC (**Noor Bank**) in 2020 may also increase the credit risk exposure in the Group's Islamic financing and investing assets portfolio. Any failure by DIB to manage growth and development successfully and to maintain the quality of the Group's assets could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

**A negative change in DIB's credit ratings could limit its ability to raise funding and may increase its borrowing costs**

DIB is currently rated A by Fitch with a "stable" outlook and A3 by Moody's with a "negative" outlook. Moody's changed the outlook on DIB's rating in June 2020 in line with that of most of the UAE banking sector due to the COVID-19 pandemic. These ratings, which are intended to measure DIB's ability to meet its debt obligations as they mature, are an important factor in determining DIB's cost of wholesale funding.

A downgrade of any of DIB's credit ratings, or a negative change in outlook, may limit the Group's ability to raise wholesale funding and increase its cost of wholesale funding, which could adversely affect its business, financial condition, results of operations and prospects. A downgrade of any of DIB's credit ratings (or announcement of a negative change in ratings outlook) may also limit the Group's ability to raise capital. Moreover, actual or anticipated changes in DIB's credit rating could adversely affect the price at which the Certificates are traded in the secondary market.

**The Group may become subject to increasingly intense competition**

The Group faces competition in all of its business areas from locally incorporated and foreign banks operating in the UAE. The Group also faces competition from both Islamic banks and conventional banks. According to the Central Bank's preliminary data, there were, as at 30 September 2020, 59 different banks (comprising 21 locally incorporated banks and 38 foreign banks (including 11 wholesale banks)) licensed to operate inside the UAE (excluding the DIFC). There are also an increasing number of institutions offering Islamic financial products and services within the UAE. As at 30 September 2020, there were 10 Islamic banks, in addition to a number of other financial institutions, offering Islamic products and solutions. Other financial institutions may also consider offering Shari'a-compliant products in the future.

The financial institutions market in the UAE has generally been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation, the GCC or any other similar entities, this would likely lead to a more competitive environment for the Group and other domestic financial institutions and could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

**Any alteration to, or abolition of, the foreign exchange "peg" of the dirham at a fixed exchange rate to the U.S. dollar will expose the Group to U.S. dollar foreign exchange movements against the dirham**

The Group maintains its accounts, and reports its results, in dirham. The dirham has been 'pegged' at a fixed exchange rate to the U.S. dollar since 22 November 1980. However, there can be no assurance that the dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Group's results of operations and financial condition. Any such de-pegging or adjustment, particularly if the dirham weakens against the U.S. dollar, could have an adverse effect on the Group's business, results of operations, financial condition and prospects. For example, the 2020 Financial Statements, in note 47.4.3, contain a sensitivity analysis that shows that a 2 per cent. change in the exchange rate of the U.S. dollar against the dirham (with all other variables held constant) in 2020 would have impacted the Group's statement of profit or loss (due to the changes in the fair values of currency sensitive non-trading monetary assets and liabilities) by AED 608 million.

**The Group is party to litigation related to the terrorist attacks on New York City on 11 September 2001**

In 2002, DIB was named as a defendant in eight civil lawsuits filed in various federal district courts in the United States that relate to the terrorist attacks on 11 September 2001. The plaintiffs in these lawsuits include victims of the terrorist attacks, the families or estates of deceased victims, the leaseholders of the World Trade

Center properties, and certain insurance companies that suffered losses as a result of the attacks. In total, the lawsuits named hundreds of defendants. The defendants included, among other entities and organisations, Islamic charities, other major financial institutions in the Middle East and individuals. The complaints filed in these lawsuits made allegations against DIB, including that DIB provided material support and assistance to Al Qaeda and that it knew or should have known it was aiding and abetting, and enabling the terrorists that perpetrated the attacks. The plaintiffs have not enumerated all of their alleged damages that they are seeking to recover in these cases.

In December 2003, the United States Judicial Panel on Multi-District Litigation consolidated the actions against DIB and the other defendants in the Federal District Court in the Southern District of New York (the **New York Federal Court**). In May 2005, DIB filed a motion to dismiss all eight actions with the New York Federal Court. In June 2010, the New York Federal Court denied DIB's motion to dismiss due to the allegations by the plaintiffs that DIB intentionally and knowingly provided support to Al Qaeda.

Subsequently, plaintiffs in two of the civil lawsuits against DIB dismissed their claims against DIB (one in August 2010 and the other in March 2011). Accordingly, six civil lawsuits against DIB remain pending as of the date of this Base Prospectus. DIB is currently in the discovery phase of this litigation. During the first part of the discovery phase, the document discovery phase, the parties exchanged relevant documents (this was completed by DIB in late 2012, but was subsequently extended a number of times as the plaintiffs then asked for further documentation). The document discovery phase has now concluded for DIB. The parties have also completed the next step in the discovery phase, the fact witness deposition phase, where the parties identify and take testimony of relevant witnesses in depositions under oath. The parties are now in the final discovery phase of expert discovery, where the parties identify and exchange reports from relevant expert witnesses. Parties will then have an opportunity to take the testimony of the expert witnesses in depositions under oath. Once discovery is completed, DIB can seek its dismissal from all of the civil lawsuits by moving for summary judgment.

DIB believes that it has meritorious defences to the remaining pending claims, has defended itself and intends to continue to defend itself vigorously. No provision has been made in respect of any outstanding 9/11 legal proceedings against DIB as professional advice indicates that it is unlikely that any significant or material costs or loss, other than legal costs in connection with the defence, are expected to be incurred, although U.S. litigation is by its nature uncertain and it is therefore not always possible to accurately predict any outcome in terms of withdrawals, dismissal or ultimate liability.

Adverse publicity in relation to the 9/11 claims could affect DIB's reputation, particularly outside the UAE. In addition, if such claims, either in aggregate or individually, were to be successful, and substantial damages and/or penalties were to be assessed against DIB, these could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

### **The Group conducts the majority of its business in a region which is subject to political, economic and related considerations**

As at 31 December 2020, 89 per cent. of the Group's assets were located in the UAE. Given that the Group has the majority of its operations in the UAE, its operations have previously been and may continue to be affected by economic and political developments impacting the UAE, in particular, the level of economic activity in the UAE.

DIB's business is, and will continue to be, affected by economic and political developments in or affecting the UAE and the Middle East and North Africa (**MENA**) region and investors' reactions to developments in one country may affect securities of issuers in other markets, including the UAE. Following the significant fall in global crude oil prices in the middle of 2014, the UAE and other major oil and gas producing countries in the region experienced and slower economic growth, increased budget deficits and lower public spending. Although many countries had started to recover by 2019, the impact of the COVID-19 pandemic in 2020 is expected to result in weaker economic performance in 2021 and potentially in subsequent years, see "*The Group's business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions and the impact of COVID-19 on the UAE's economy is likely to materially adversely impact the Group*" above.

Although Dubai and the UAE enjoy domestic political stability and generally healthy international relations, as they are located in the MENA region, there is a risk that regional geopolitical instability could impact them. In particular, since early 2011 there has been political unrest in a range of countries in the MENA region, including Algeria, Bahrain, Egypt, Iran, Iraq, Libya, Oman, Saudi Arabia, Syria, Tunisia, Turkey and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and has given rise to increased political uncertainty across the region. In addition, DIB's wholly-owned subsidiary, DIB Pakistan Ltd., and its associate, the Bank of Khartoum, are, in common with all other industries in the Islamic Republic of Pakistan and Sudan, respectively, affected by ongoing political uncertainty. From 2019, tensions in the Gulf region have increased following the seizure by Iran of a British tanker in July 2019 and, more broadly, due to several incidents with oil tankers in the Strait of Hormuz. On 14 September 2019, the Abqaiq processing facility and the Kurais oil field in Saudi Arabia were damaged to a significant extent in apparent drone attacks, which caused an immediate significant reduction in the output of Saudi Aramco, Saudi Arabia's national oil company. There can be no assurance that a similar incident could not occur elsewhere in the Gulf region. Furthermore, the 2 January 2020 killing of the prominent Iranian military commander, General Qasem Soleimani, and subsequent political developments in Iraq have resulted in military action being taken by Iran against the United States and its interests in the region.

Whilst DIB's business has not been directly impacted by any political unrest to date, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that DIB would be able to sustain its current profit levels if adverse political events or circumstances were to occur in the UAE or any other country in which it had material operations at the time.

Investors should also note that the Group's business and financial performance could be adversely affected by political, economic or related developments both within and outside the MENA region because of interrelationships within the global financial markets.

The economic and/or political factors which could adversely affect the Group's business, financial condition, results of operations and prospects include:

- regional political instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
- a material increase in costs of funds in the UAE resulting from a material reduction in liquidity in the UAE financial markets;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- an increase in inflation and the cost of living;
- cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use and foreign ownership;
- arbitrary, inconsistent or unlawful government action;
- changing tax regimes, including the imposition of taxes in tax favourable jurisdictions such as the UAE;

- difficulties and delays in obtaining governmental and other approvals for operations or renewing existing ones; and
- inability to repatriate profits or dividends.
- There can be no assurance that either the economic performance of, or political stability in, the countries in which the Group currently operates, or may in the future operate, can or will be sustained. To the extent that economic growth or performance in these countries or the MENA region as a whole slows or begins to decline, or political conditions deteriorate materially in any of those countries, the Group's business, financial condition, results of operations and prospects may be adversely affected.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CERTIFICATES ISSUED UNDER THE PROGRAMME**

### **Risks relating to the Assets**

#### ***Ownership of the Assets***

In order to comply with the requirements of Sharia, an ownership interest in the Assets comprised within the relevant Portfolio will pass to the Trustee under the relevant Purchase Agreement. The Trustee will declare a trust in respect of such Portfolio and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the relevant Trust Deed. Accordingly, Certificateholders will, through the ownership interest of the Trustee, have an undivided ownership interest in the relevant Portfolio unless the transfer of the Portfolio is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Assets*" below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Assets comprised within any Portfolio. Such Assets will be selected by DIB and the Certificateholders, the Trustee and the Delegate will have no ability to influence such selection. Only limited representations will be obtained from DIB in respect of the Assets of any Series. In particular, the precise terms of the Assets will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by DIB to give effect to the transfer of the Assets). No steps will be taken to perfect the transfer of the ownership interest (including registration) in the Assets with any relevant regulatory authority in the UAE or otherwise give notice to any lessee or obligor in respect thereof.

In addition, if and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any Certificateholders on the basis of any ownership interest in the Assets of any Series, DIB has agreed in the Master Trust Deed to indemnify the Trustee, the Delegate and the Certificateholders against any such liabilities. In the event that DIB is unable to meet any such claims then the Certificateholders may suffer losses in excess of the original face amount invested.

#### ***Transfer of the Assets***

No investigation has been or will be made as to whether any interest in any Assets may be transferred as a matter of the law governing the contracts (if any) underlying such Assets, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if any Supplemental Purchase Contract will have the effect of transferring an interest in the relevant Assets.

However, DIB has undertaken in the Purchase Undertaking and the Master Trust Deed that if the Portfolio Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the rights, benefits and entitlements of the Trustee in, to and under the Portfolio or any of the assets comprising the Portfolio, or for any other reason, DIB shall (as an independent, severable and separately independent obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Portfolio Exercise Price.

If DIB fails to purchase the Assets in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 14 and the terms of the Master Trust Deed, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Trust Deed against

DIB by commencing proceedings in the courts of the Dubai International Financial Centre (the **DIFC Courts**). The DIFC Courts should respect the choice of English law as the governing law of the Purchase Undertaking and the Master Trust Deed. See “– *Risk factors relating to enforcement – Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Dubai*”.

## **Risks Relating to the Certificates**

### ***The Certificates are limited recourse obligations***

Certificates to be issued under the Programme are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the relevant Trust Assets. Recourse to the Trustee in respect of each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, the sole rights of each of the Delegate and, through the Delegate, the Certificateholders of the relevant Series will be against DIB to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have no recourse to any assets of the Trustee or DIB in respect of any shortfall in the expected amounts due under the relevant Trust Assets. DIB is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Delegate will have direct recourse against DIB to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. In the absence of default by the Delegate, investors have no direct recourse to DIB and there is no assurance that the net proceeds of the realisation of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing DIB’s and the Trustee’s respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the relevant Certificates. After enforcing or realising the rights in respect of the Trust Assets of a Series (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Condition 4.2, the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents (which includes the Purchase Undertaking). The sole right of the Trustee, the Delegate and the Certificateholders against DIB shall be to enforce the obligation of DIB to perform its obligations under the Transaction Documents to which it is a party.

### ***Absence of secondary market/limited liquidity***

There is no assurance that a secondary market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of those Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the relevant Certificates and the financial and other risks associated with an investment in the relevant Certificates. An investor in Certificates must be prepared to hold the relevant Certificates for an indefinite period of time or until their maturity. Application has been made for the listing of certain Series to be issued under the Programme on Euronext Dublin and/or Nasdaq Dubai, as the case may be, but there can be no assurance that any such listing will occur or will enhance the liquidity of the Certificates of the relevant Series.

### ***The Certificates may be subject to early redemption***

In the event that the amount payable on the Certificates of any Series is required to be increased to include additional amounts in certain circumstances and/or DIB is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the Cayman Islands (in the case of the Trustee) or the UAE (in the case of DIB), or in each case any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Certificates upon giving notice in accordance with the Terms and Conditions of the relevant Certificates.



If so provided in the applicable Final Terms, a Tranche may be redeemed early at the option of the Trustee. Any such early redemption feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to redeem Certificates, the market value of those Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any redemption period. The Trustee may be expected to redeem Certificates when DIB's cost of borrowing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

***The regulation and reform of “benchmarks” may adversely affect the value of Certificates linked to or referencing such “benchmarks”***

Interest rates and indices which are deemed to be “benchmarks” (including LIBOR and EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) amongst other things, applies to the provision of benchmarks and the use of a benchmark in the United Kingdom (**UK**). Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the Financial Conduct Authority or registered on the Financial Conduct Authority register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Certificates linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR or any other benchmark will continue to be supported going forwards. This may cause LIBOR, EURIBOR or such other

benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (a) discouraging market participants from continuing to administer or contribute to a benchmark; (b) triggering changes in the rules or methodologies used in the benchmark; and/or (c) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Certificates linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including, if an original Reference Rate and/or any page on which an original Reference Rate may be published, (or any other successor service) becomes unavailable or a Benchmark Event, otherwise occurs. Such fallback arrangements include the possibility that the Rate (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread, and may include amendments to the Conditions, the Master Trust Deed and/or any other Transaction Document to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Trustee and DIB, or DIB (acting in good faith and in a commercially reasonable manner), as applicable, and without the requirement for the consent or sanction of Certificateholders. An Adjustment Spread, if applied, is a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread which (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), or (b) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and DIB) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate, or (c) (if the Independent Adviser (following consultation with the Trustee and DIB) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Trustee and DIB) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be, or (d) (if the Independent Adviser (following consultation with the Trustee and DIB) determines that there is no such industry standard) the Independent Adviser (following consultation with the Trustee and DIB) or DIB (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate. Accordingly, the application of an Adjustment Spread may result in the Certificates performing differently (which may include payment of a lower Rate) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with or without the application of an Adjustment Spread) may still result in any Certificates linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate) than they would if the original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate (or the relevant component part thereof) for the relevant immediately following Return Accumulation Period may result in the use of a Rate (or the relevant component part thereof) equal to the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or

any of the international or national reforms and the possible application of the benchmark replacement provisions of Certificates in making any investment decision with respect to any Certificates referencing a benchmark.

### **Risks relating to Certificates denominated in Renminbi**

A description of risks which may be relevant to an investor in Certificates denominated in Renminbi (**Renminbi Certificates**) are set out below.

#### ***Renminbi is not completely freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Certificates***

Renminbi is not completely freely convertible at present. The government of the PRC (the **PRC Government**) continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Currently, participating banks in Hong Kong and a number of other jurisdictions (the **Applicable Jurisdictions**) have been permitted to engage in the settlement of current account trade transactions in Renminbi. However, remittance of Renminbi by foreign investors into and outside of the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities or the relevant banks on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although, starting from 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China (**PBOC**) in 2018, there is no assurance that the PRC Government will liberalise its control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside of the PRC. In the event that funds cannot be repatriated outside of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Trustee to source Renminbi to finance its obligations under Certificates denominated in Renminbi.

#### ***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Certificates and the Trustee's ability to source Renminbi outside the PRC to service Renminbi Certificates***

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi denominated banking services to Singapore residents, Hong Kong residents and specified business customers. The PBOC has established Renminbi clearing and settlement mechanics for participating banks in the Applicable Jurisdictions through settlement agreements (the **Settlement Agreements**) on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (each a **RMB Clearing Bank**) and these RMB Clearing Banks have been permitted to engage in the settlement of Renminbi trade transactions.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no

assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Certificates. To the extent the Trustee is required to source Renminbi in the offshore market to service its Renminbi Certificates, there is no assurance that the Trustee will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Conditions applicable to the Renminbi Certificates, the Trustee can make payments in U.S. dollars.

***Investment in the Renminbi Certificates is subject to exchange rate risks***

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Trustee will make all payments of profit and dissolution amounts with respect to the Renminbi Certificates in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of the investment made by a holder of the Renminbi Certificates in U.S. dollar or other applicable foreign currency will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of RMB Inconvertibility, RMB Non-transferability or RMB Illiquidity (as defined in the Conditions), the Trustee is unable, or it is impractical for it, to pay profit or any dissolution amount in Renminbi, the Conditions allow the Trustee to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Certificateholder's investment in U.S. dollar or other foreign currency terms will decline.

***Payments with respect to the Renminbi Certificates may be made only in the manner designated in the Renminbi Certificates***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

All payments to investors in respect of the Renminbi Certificates will be made solely (i) for so long as the Renminbi Certificates are represented by global certificates held with the common depositary for Clearstream Banking S.A. (**Clearstream, Luxembourg**) and Euroclear Bank SA/NV (**Euroclear**) or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or (ii) for so long as the Renminbi Certificates are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in the Conditions, the Trustee cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

***There may be PRC tax consequences with respect to investment in the Renminbi Certificates***

In considering whether to invest in the Renminbi Certificates, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Certificateholder's investment in the Renminbi Certificates may be materially and adversely affected if the Certificateholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Certificates.

***Risk factors relating to enforcement***

***Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Dubai***

The payments under the Certificates are dependent upon DIB making payments to the Trustee in the manner contemplated under the Transaction Documents. If DIB fails to do so, it may be necessary to bring an action

against DIB to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

The parties to the Transaction Documents have agreed to refer any unresolved dispute in relation to the Transaction Documents to arbitration under the Arbitration Rules of the London Court of International Arbitration (the **LCIA**) (the **Rules**) with an arbitral tribunal with its seat in London. In addition, subject to the exercise of an option to litigate given to certain parties, the courts of England or the DIFC Courts, at the option of the Delegate, are stated to have exclusive jurisdiction to settle any disputes in respect of the Transaction Documents (other than the Master Purchase Agreement and the Sale Undertaking). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that DIB has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced, and it is therefore likely that proceedings would need to be commenced for the enforcement of any such award or judgment in Dubai (where the substantial majority of DIB's assets are located).

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the **New York Convention**) entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, any arbitration award rendered in London should therefore be enforceable in Dubai in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Dubai courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

There is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, and whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused. Federal Cabinet Resolution No. 57 of 2018 (the **Resolution**) also governs the enforcement of foreign arbitral awards in the UAE. The Resolution confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that the conditions for enforcement of foreign arbitral awards set out in the New York Convention shall not be prejudiced by the Resolution. However, there is no established track record as to how the overlapping provisions of the New York Convention and the Resolution will be interpreted and applied by the UAE courts in practice. There is also a risk that, notwithstanding the New York Convention, the Resolution or the terms of any other applicable multilateral or bilateral enforcement convention, the UAE courts may in practice consider and apply the grounds for enforcement of domestic UAE arbitral awards set out in Federal Law No. 6 of 2018 (the **UAE Arbitration Law**) to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law and the Resolution are both new and it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Under current UAE federal law, the courts in the UAE are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the parties' choice of English law as the governing law of the relevant Transaction Documents or the Certificates. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not however, honour any provision of foreign

law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in Dubai have no binding effect on subsequent decisions. In addition, court decisions in Dubai are generally not recorded. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

In the case of any dispute under the Conditions and/or the relevant Transaction Documents, which at the option of the Delegate has been referred to the DIFC Courts under Article 7 of Law No. 16 of 2011 (as defined below), any final and unappealable judgment, order or award made by the DIFC Courts in favour of the Delegate (on behalf of the Certificateholders) must, upon application by the Delegate to the Dubai Court of Execution, be enforced against DIB by the Dubai Court of Execution without that court being able to reconsider the merits of the case provided that the conditions specified in Article 7(2) of Law No. 16 of 2011 are satisfied and the procedure for enforcement described in Article 7(3) of Law No. 16 of 2011 is adhered to.

Dubai Law No. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the DIFC Courts (**Law No. 16 of 2011**) came into force in the Emirate of Dubai on 31 October 2011 and extended the jurisdiction of the DIFC Courts to include all civil and commercial disputes where the parties to the relevant dispute have expressly agreed to submit to the jurisdiction of the DIFC Courts, even where such parties are unconnected to the Dubai International Financial Centre (the **DIFC**). None of the Trustee, DIB or the Delegate are connected to the DIFC.

Prospective investors should note however that, as at the date of this Base Prospectus, Law No. 16 of 2011 remains relatively untested and there is therefore no certainty as to how the DIFC Courts intend to exercise their jurisdiction under this law should any party dispute the right of the DIFC Courts to hear a particular dispute where any party is unconnected to the DIFC, nor is there any certainty that the Dubai Court of Execution will enforce the judgment of the DIFC Courts without reconsidering the merits of the case.

***Compliance with UAE bankruptcy law may affect DIB's ability to perform its obligations under the Transaction Documents to which it is a party***

In the event of DIB's insolvency, UAE bankruptcy law may adversely affect DIB's ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, affect the Trustee's ability to perform its obligations in respect of the Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders and/or the Delegate would be resolved, and therefore there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances.

***A court may not grant an order for specific performance***

In the event that DIB fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include (i) obtaining an order for specific performance of DIB's obligations, or (ii) a claim for damages.

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by DIB to perform its obligations set out in the Transaction Documents to which it is a party.

***Change of law***

The structure of each issue of Certificates under the Programme is based on English law, the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to, or interpretation of, English, Dubai or UAE law or administrative practices in such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect

the ability of the Trustee to make payments under the Certificates or of DIB, to comply with its obligations under the Transaction Documents to which it is a party.

### **Additional risk factors**

#### ***DIB's waiver of immunity may not be effective under UAE law***

DIB has waived its rights in relation to sovereign immunity under the Transaction Documents to which it is a party however, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Transaction Documents to which it is a party are valid and binding under the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE.

#### ***Reliance on Euroclear and Clearstream, Luxembourg procedures***

The Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in Global Certificates. While the Certificates of any Series are represented by a Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates of any Series are represented by a Global Certificate, the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in any Global Certificate.

Holders of ownership interests in a Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

#### ***Sharia rules***

The Fatwa and Sharia Supervisory Board of DIB and the Sharia Committee of Dar al Sharia Islamic Finance Consultancy LLC, First Abu Dhabi Bank Internal Shariah Supervision Committee, the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited and the Standard Chartered Bank Global Shariah Supervisory Committee have each confirmed that the transaction structure relating to the Certificates (as described in this Base Prospectus) is, in their view, in compliance with the principles of Sharia, as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or any issue and trading of any Certificates will be deemed to be Sharia compliant by any other Sharia board or Sharia scholars. None of the Trustee, DIB, Dar Al Sharia Islamic Finance Consultancy LLC, the Delegate or the Dealers makes any representation as to the Sharia compliance of any Series and/or any trading thereof and potential investors are reminded that, as with any Sharia views, differences in opinion are possible and different Sharia standards may be applied by different Sharia boards. Prospective investors should obtain their own independent Sharia advice as to whether the Transaction Documents and the issue and trading of any Certificates will meet their individual standards of compliance and should also make their own determination as to the future tradability of any Certificates on any secondary market. Questions as to the Sharia permissibility of the Transaction Documents or the issue and the trading of any Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would, if in dispute, either be the subject of arbitration (or, in the case of the Purchase Undertaking, court proceedings) under English law or court proceedings under the laws of (i) Dubai and, to the extent applicable in Dubai, the federal laws of the UAE or (ii) England and Wales. In such circumstances, the arbitrator or, as the case may be, judge may apply the relevant law of the Transaction Document in determining the obligation of the parties.

### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Certificates changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates may have a different regulatory treatment, which may impact the value of the Certificates and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

### ***Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade***

In relation to any issue of Certificates which have a denomination consisting of the minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time such Certificateholder may not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Certificate.

If definitive Certificates are issued, holders should be aware that definitive Certificates which have a



denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***Consents to variation of Transaction Documents and other matters***

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or by way of electronic consents. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Certificateholders who voted in a manner contrary to the majority.

The Master Trust Deed contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to the Master Trust Deed if, in the opinion of the Delegate, such modification (a) is of a formal, minor or technical nature, or (b) is made to correct a manifest error, or (c) is not materially prejudicial to the interests of the relevant Certificateholders and is other than in respect of a Reserved Matter (as defined in the Master Trust Deed). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the relevant Certificateholders and shall in any event be binding upon the relevant Certificateholders.

### ***Exchange rate risks and exchange controls***

The Trustee will make all payments on the Certificates. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Certificates, (2) the Investor's Currency equivalent value of the principal payable on the Certificates and (3) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Amount on a Certificate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

### ***Risk factors relating to taxation***

#### ***Taxation risks on payments***

Payments made by DIB to the Trustee under the Transaction Documents and payments by the Trustee in respect of the Certificates could become subject to taxation. The Service Agency Agreement requires the Service Agent, each of the Purchase Undertaking and the Sale Undertaking requires DIB, and the Master Trust Deed requires DIB to pay additional amounts in the event that any withholding or deduction is required by applicable law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Amounts. Condition 11 provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by Cayman Islands law in certain circumstances. In the event that the Trustee fails to pay any such additional amounts in respect of any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, DIB has unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of

the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 11 in respect of any withholding or deduction in respect of any tax as set out in that Condition.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated in, and form part of, this Base Prospectus:

- (a) the auditors' report and audited consolidated financial statements of DIB as at and for the financial year ended 31 December 2020 (available at: [https://www.dib.ae/docs/default-source/financial-reports/dib\\_fs\\_fy2020\\_e\\_16\\_02\\_2021.pdf?sfvrsn=9c9b67c1\\_4](https://www.dib.ae/docs/default-source/financial-reports/dib_fs_fy2020_e_16_02_2021.pdf?sfvrsn=9c9b67c1_4));
- (b) the auditors' report and audited consolidated financial statements of DIB as at and for the financial year ended 31 December 2019 (available at: [https://www.dib.ae/docs/default-source/financial-reports/dib-pjsc-fy2019-financial-statements-en.pdf?sfvrsn=841a81ca\\_4](https://www.dib.ae/docs/default-source/financial-reports/dib-pjsc-fy2019-financial-statements-en.pdf?sfvrsn=841a81ca_4));
- (c) the Terms and Conditions of the Certificates contained on pages 54 to 82 (inclusive) in the base prospectus dated 2 February 2017 prepared by DIB in connection with the Programme (available at: [https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_14dea23f-94b7-4980-845d-f585e59b1e06.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_14dea23f-94b7-4980-845d-f585e59b1e06.PDF));
- (d) the Terms and Conditions of the Certificates contained on pages 55 to 83 (inclusive) in the base prospectus dated 7 November 2017 prepared by DIB in connection with the Programme (available at: [https://www.ise.ie/debt\\_documents/Final%20Base%20Prospectus%2007.11\\_e7d435b6-9d4b-4222-a1ec-2798366a5349.PDF](https://www.ise.ie/debt_documents/Final%20Base%20Prospectus%2007.11_e7d435b6-9d4b-4222-a1ec-2798366a5349.PDF)); and
- (e) the Terms and Conditions of the Certificates contained on pages 45 to 77 (inclusive) in the base prospectus dated 7 November 2019 prepared by DIB in connection with the Programme (available at: [https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_25a43365-3d1e-4ae4-9447-cdb98624c336.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_25a43365-3d1e-4ae4-9447-cdb98624c336.PDF)).

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the Irish Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

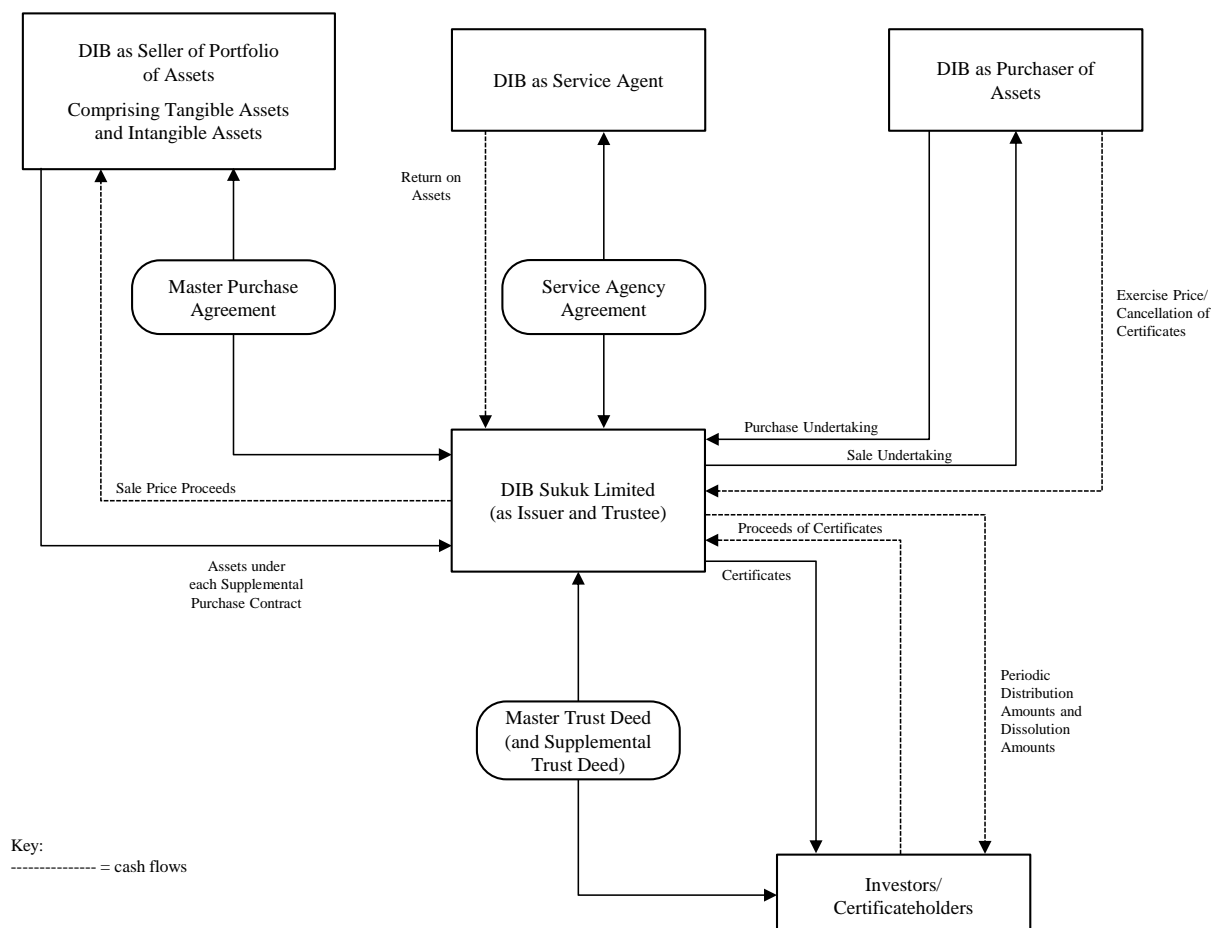
Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Trustee and DIB will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Certificates, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Certificates.

## STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Potential investors are referred to the terms and conditions of the Certificates and the detailed descriptions of the relevant Transaction Documents and the Terms and Conditions of the Certificates set out elsewhere in this Base Prospectus for a fuller description of certain cashflows and for an explanation of the meaning of certain capitalised terms used below.

### Structure Diagram



### Principal cash flows

#### *Payments by the Certificateholders and the Trustee*

On the Issue Date of the first Tranche of any Series, the Trustee will use the proceeds for the relevant Series to purchase from DIB a portfolio (the **Initial Portfolio**) of (i) real estate assets (**Real Estate Ijara Assets**) (including the related real estate *ijara* contracts and all rights thereunder; provided, however, that such real estate asset is in existence on the date on which it enters the relevant Initial Portfolio), (ii) non-real estate Ijara assets (each such asset, a **Non-Real Estate Ijara Asset** and, together with the Real Estate Ijara Assets, each an **Ijara Asset**) (including the related non-real estate *ijara* contracts and all rights thereunder; provided, however, that such non-real estate asset is in existence on the date on which it enters the relevant Initial Portfolio); (iii) any asset, other than an Ijara Asset, which is an income generating asset (including, without limitation, any *sukuk* or trust certificates) that has associated with it underlying tangible assets and which is originated, held or owned by DIB in accordance with the Sharia principles laid down by DIB's Fatwa and Sharia Supervisory Board (including any agreements or documents relating to such asset) (each such asset, an **Other Tangible Asset** and, together with the Ijara Assets, each a **Tangible Asset**); and (iv) *murabaha* receivables under a *murabaha* (sale of commodities or goods on a cost plus basis) contract, outstanding deliverable assets under *salam* financing (commodities or goods or assets of a specified quality and quantity)

and *ijara mousoofah fizzaimmah* (forward *ijara*) real estate and non-real estate) assets (each such asset, an **Intangible Asset** and, together with the Tangible Assets, each an **Asset** or an **Income Generating Asset**).

In the case of any subsequent Tranche of Certificates of a Series, the relevant Certificateholders will pay the issue price (as set out in the applicable Final Terms) in respect of the issuance of additional Certificates to the Trustee, and the Trustee will use such proceeds to purchase from DIB the relevant Additional Portfolio pursuant to the terms of the Master Purchase Agreement.

The Assets which comprise the portfolio from time to time are together referred to in this Base Prospectus as the **Portfolio**. The Service Agent will be appointed as service agent to service each Portfolio under the terms of the Service Agency Agreement.

### ***Periodic Distribution Payments***

Prior to each Periodic Distribution Date, the Service Agent will pay to the Trustee (by way of a payment into the relevant Transaction Account) an amount reflecting returns generated (other than returns in the nature of sale, capital or principal payments) by the relevant Portfolio (**Portfolio Income Revenues**) during the relevant Distribution Period, which is intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the relevant Series and shall be applied by the Trustee for that purpose.

In the event that the Portfolio Income Revenues to be paid by the Service Agent into the relevant Transaction Account on any Distribution Determination Date are greater than the Required Amount (as defined below) (having first repaid (i) any Liquidity Facility and/or (ii) any Service Agency Liability Amounts for the relevant Distribution Period) for the relevant Series on the immediately following Periodic Distribution Date, the amount of any excess shall be retained by the Service Agent as a reserve and credited to a separate book-entry ledger account (in respect of each Series, the **Income Reserve Collection Account**) maintained by the Service Agent.

If there is a shortfall on any Distribution Determination Date (after transfer of the Portfolio Income Revenues into the relevant Transaction Account as described above) between (i) the amounts standing to the credit of the relevant Transaction Account and (ii) an amount (the **Required Amount**) equal to the aggregate of the Periodic Distribution Amounts and any other amounts payable by the Trustee in respect of the relevant Certificates on the immediately following Periodic Distribution Date (a **Shortfall**), the Service Agent shall first apply the amounts standing to the credit of the relevant Income Reserve Collection Account (if any) towards such Shortfall by transferring into the relevant Transaction Account from such Income Reserve Collection Account on that Distribution Determination Date an amount equal to the Shortfall (or such lesser amount as is then standing to the credit of such Income Reserve Collection Account). If, having applied such amounts standing to the credit of the relevant Reserve Collection Account (if any) and after payment to the relevant Transaction Account of all other amounts payable pursuant to any other Transaction Document, any part of the Shortfall still remains, the Service Agent may either:

- (a) provide Sharia compliant funding to the Trustee itself; or
- (b) procure Sharia compliant funding from a third party to be paid to the Trustee,

in each case in the amount required to ensure that there is no Shortfall and on terms that such funding is repayable from Portfolio Income Revenues in the future or on the date on which the Certificates of the relevant Series are redeemed in full (each a **Liquidity Facility**).

### ***Dissolution Payments***

On each Scheduled Dissolution Date, the Trustee will have the right under the Purchase Undertaking to require DIB to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio. The exercise price payable by DIB is intended to fund the Final Dissolution Amount payable by the Trustee under the relevant Certificates.

The Trust in relation to any Series may be dissolved prior to the relevant Scheduled Dissolution Date for the following reasons: (i) redemption following a Dissolution Event, (ii) an early redemption for tax reasons, (iii)

if so specified in the applicable Final Terms, at the option of the Trustee (following the receipt of an Exercise Notice from DIB in accordance with the terms of the Sale Undertaking) on an Optional Dissolution Date and (iv) if so specified in the applicable Final Terms, at the option of the Certificateholders on any Certificateholder Put Option Date.

In the case of sub-paragraphs (i) to (iii) above inclusive, the amounts payable by the Trustee on the due date for dissolution will be funded in a similar manner as for the payment of the Final Dissolution Amount. Upon the exercise by Certificateholders of the option described in sub-paragraph (iv), the Trustee will redeem the relevant Certificates on the Certificateholder Put Option Date at the Optional Dissolution Amount (Certificateholder Put). Any such redemption shall be funded through the exercise by the Trustee of its right under the Purchase Undertaking to require DIB to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under a portion of the relevant Portfolio with an aggregate Value (as defined below under "*Summary of the Principal Transaction Documents – Service Agency Agreement*") no greater than the aggregate face amount of the Certificates to be redeemed.

## OVERVIEW OF THE PROGRAMME

*The following is an overview of the principal features of the Programme. This overview does not contain all of the information that an investor should consider before investing in Certificates and is qualified in its entirety by the remainder of this Base Prospectus and the applicable Final Terms. Each investor should read the entire Base Prospectus and the applicable Final Terms carefully, especially the risks of investing in Certificates issued under the Programme discussed under “Risk Factors”.*

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No. 2019/980.

Words and expressions defined in “Structure Diagram and Cashflows”, “Form of the Certificates” and “Terms and Conditions of the Certificates” shall have the same meanings in this overview.

<b>Issuer and Trustee:</b>	DIB Sukuk Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registered number 268522 and its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party.
<b>Legal Entity Identifier (LEI) of the Trustee:</b>	549300U3ZMUHC2JQLL56
<b>Legal Entity Identifier (LEI) of DIB:</b>	5493003E7YRAQY3JGW88
<b>Seller and Service Agent:</b>	Dubai Islamic Bank PJSC
<b>Risk Factors:</b>	There are certain factors that may affect the Trustee’s ability to fulfil its obligations under Certificates issued under the Programme, and DIB’s obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme. All of these factors are set out under “Risk Factors” above.
<b>Ownership of the Trustee:</b>	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 shares of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Trustee’s entire issued share capital is held by MaplesFS Limited on trust for charitable purposes.
<b>Administration of the Trustee:</b>	The affairs of the Trustee are managed by MaplesFS Limited (the <b>Trustee Administrator</b> ), who will provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to an Amended and Restated Corporate Services Agreement dated on 22 February 2021 between the Trustee and the Trustee Administrator (the <b>Corporate Services Agreement</b> ). The Trustee Administrator’s registered office is P.O. Box 1093, Queensgate House, Grand Cayman KY1–1102, Cayman Islands.
<b>Arranger:</b>	Dubai Islamic Bank PJSC
<b>Dealers:</b>	Dubai Islamic Bank PJSC First Abu Dhabi Bank PJSC HSBC Bank plc Standard Chartered Bank

and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche of Certificates.

<b>Delegate:</b>	Deutsche Trustee Company Limited
	Pursuant to the Master Trust Deed, the Trustee shall delegate to the Delegate certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by certain provisions of the Master Trust Deed. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Seller and/or the Service Agent and/or DIB following a Dissolution Event.
<b>Principal Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>Registrar and Transfer Agent:</b>	Deutsche Bank Luxembourg S.A.
<b>Certain Restrictions:</b>	Each Series denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”). The proceeds of each Series will not be accepted in the United Kingdom except in compliance with applicable law, including article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
<b>Programme Size:</b>	Up to U.S.\$7,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Trustee and DIB may increase the size of the Programme in accordance with the terms of the Programme Agreement.
<b>Issuance in Series:</b>	The Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions (which will be completed in the applicable Final Terms) or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.
<b>Distribution:</b>	Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any currency agreed between the Trustee, DIB and the relevant Dealer.
<b>Maturities:</b>	The Certificates will have such maturities as may be agreed between the Trustee, DIB and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.
<b>Issue Price:</b>	Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Certificates to be



issued under the Programme will be determined by the Trustee, DIB and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

**Form of Certificates:**

The Certificates will be issued in registered form as described in “*Form of the Certificates*”. The Certificates of each Tranche will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in each Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. See “*Form of the Certificates*”. Definitive Certificates evidencing holdings of Certificates will be issued in exchange for ownership interests in a Global Certificate only in limited circumstances.

**Clearance and Settlement:**

Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearance systems.

**Face Amount of Certificates:**

The Certificates will be issued in such face amounts as may be agreed between the Trustee, DIB and the relevant Dealer save that the minimum face amount of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions*” above, and save that: (i) the minimum face amount of each Certificate admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Certificates are issued in a currency other than euro, the equivalent amount in such currency); and (ii) the minimum face amount of each Certificate listed on the DFSA Official List will be U.S.\$100,000 (or, if the Certificates are issued in a currency other than United States dollars, the equivalent amount in such currency, as calculated on the Issue Date of such Tranche).

**Status of the Certificates:**

Each Certificate will evidence an undivided ownership interest of the Certificateholders in the Trust Assets of the relevant Series, will be a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee and will rank *pari passu*, without any preference or priority, with all other Certificates of the relevant Series issued under the Programme.

**Trust Assets:**

The Trust Assets of the relevant Series will be all of the Trustee’s rights, title, interest and benefit, present and future, in, to and under (i) the relevant Portfolio, (ii) the Transaction Documents (other than (A) in relation to any representations given to the Trustee by DIB pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed), (iii) all monies standing to the credit of the relevant Transaction Account from time to time, and all proceeds of the foregoing listed (i) to (iii) (the **Trust Assets**), and such Trust Assets will be held upon trust

absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder for the relevant Series.

<b>Periodic Distributions:</b>	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.
<b>Redemption of Certificates:</b>	Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed by the Trustee at the relevant Dissolution Amount and on the relevant Scheduled Dissolution Date specified in the applicable Final Terms and the Trust in relation to the relevant Series will be dissolved by the Trustee.
<b>Dissolution Events:</b>	Upon the occurrence of any Dissolution Event, the Certificates may be redeemed in full on the Dissolution Date at the relevant Dissolution Amount, together with any accrued but unpaid Periodic Distribution Amount and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 14.
<b>Early Dissolution for Tax Reasons:</b>	Where (i) DIB has determined that the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 11 or (ii) DIB has or will become obliged to pay any additional amounts under the Service Agency Agreement, the Purchase Undertaking and/or the Sale Undertaking, in each case as a result of a change in the laws of a Relevant Jurisdiction (as defined in the Conditions) and such obligation cannot be avoided by the Trustee or DIB, as applicable, taking reasonable measures available to it, the Trustee may, following receipt of an exercise notice from DIB pursuant to the Sale Undertaking, redeem the Certificates in whole but not in part at an amount equal to the relevant Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts on the relevant Dissolution Date and, if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, the Dissolution Date must be a Periodic Distribution Date.
<b>Optional Dissolution Right:</b>	<p>If so specified in the applicable Final Terms, the Trustee may, following receipt of an exercise notice from DIB pursuant to the Sale Undertaking, redeem in whole but not in part the Certificates of the relevant Series at the relevant Optional Dissolution Amount (Call) on the relevant Optional Dissolution Date and, if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, the Optional Dissolution Date must be a Periodic Distribution Date.</p> <p>If applicable to the relevant Series, the Optional Dissolution Date(s) will be specified in the applicable Final Terms.</p> <p>For Sharia reasons, the Optional Dissolution (Call) and the Certificateholder Put Option cannot both be specified as applicable in any single Series.</p>
<b>Certificateholder Put Option:</b>	If so specified in the applicable Final Terms, Certificateholders may elect to redeem their Certificates on any Certificateholder Put Option Date(s) specified in the applicable Final Terms at an amount equal to the relevant Optional Dissolution Amount (Certificateholder Put) together with any accrued but unpaid Periodic Distribution Amounts in accordance with Condition 10.4. Following the payment by DIB of the relevant exercise price under the Purchase Undertaking, the Trustee will redeem the relevant Certificates on the relevant Certificateholder Put Option Date.

For Sharia reasons, the Certificateholder Put Option and Optional Dissolution (Call) cannot both be specified as applicable in any single Series.

**Cancellation of Certificates held by DIB and/or any of its Subsidiaries:**

Pursuant to Condition 13, DIB and/or any of its Subsidiaries may at any time purchase Certificates in the open market or otherwise. If DIB wishes to cancel such Certificates purchased by it and/or any of its Subsidiaries, DIB will deliver those Certificates to the Principal Paying Agent for cancellation. DIB may also exercise its option under the Sale Undertaking to require the Trustee to transfer to DIB an undivided ownership interest (each a **Cancellation Interest**) in the relevant Portfolio with an aggregate Value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation, the Trustee will transfer those Assets to DIB, all as more particularly described in the Sale Undertaking. Each Cancellation Interest will be calculated as the ratio, expressed as a percentage, of the aggregate outstanding face amount of the relevant Certificates to be cancelled to the aggregate face amount of the Certificates outstanding immediately prior to the cancellation of such Certificates.

**Asset Substitution:**

The Service Agent may substitute Assets in accordance with the relevant provisions of the Service Agency Agreement and the Sale Undertaking, provided that no Dissolution Event has occurred and is continuing, the substitute assets are Assets and the Value of such substitute assets shall have an aggregate Value which is not less than the aggregate Value of the Assets to be so substituted.

**Withholding Tax:**

All payments by DIB under, or pursuant to, the Purchase Undertaking and Sale Undertaking and all payments by the Service Agent under the Service Agency Agreement shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction unless the withholding is required by law. In the event that any such withholding or deduction is made, DIB and/or the Service Agent, as the case may be, will be required to pay additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction.

All payments in respect of Certificates by the Trustee shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Trustee will, save in the limited circumstances provided in Condition 11, be required to pay additional amounts so that the holders of the Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction.

**Negative Pledge:**

The Purchase Undertaking contains a negative pledge given by DIB. See *“Summary of the Principal Transaction Documents – Purchase Undertaking”*.

**Cross Default:**

The Purchase Undertaking contains a cross default provision in relation to DIB. See *“Summary of the Principal Transaction Documents – Purchase Undertaking”*.

<b>Trustee Covenants:</b>	The Trustee has agreed to certain restrictive covenants as set out in Condition 5.
<b>Ratings:</b>	<p>DIB has been assigned long term ratings of “A” by Fitch with a “stable” outlook and “A3” by Moody’s (<b>Moody’s</b>) with a “negative” outlook.</p> <p>A Series to be issued under the Programme may be rated or unrated. Where a Series of Certificates is to be rated, its rating will be specified in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.</p>
<b>Certificateholder Meetings:</b>	A summary of the provisions for convening meetings of Certificateholders of each Series to consider matters relating to their interests as such is set out in Condition 18.
<b>Tax Considerations:</b>	See “ <i>Taxation</i> ” for a description of certain tax considerations applicable to the Certificates.
<b>Listing and Admission to Trading:</b>	<p>Application has been made for Certificates issued under the Programme to be listed on the Official List and admitted to trading on the Euronext Dublin Regulated Market.</p> <p>Application has also been made to the DFSA for Certificates issued under this Programme during the period of 12 months after the date hereof to be admitted to the DFSA Official List and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.</p> <p>Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, DIB and the relevant Dealer in relation to the Series. Certificates which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
<b>Transaction Documents:</b>	The Transaction Documents are the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement, each Supplemental Purchase Contract, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking.
<b>Governing Law and Dispute Resolution:</b>	<p>The Certificates of each Series and any non-contractual obligations arising out of or in connection with the Certificates of each Series will be governed by, and construed in accordance with, English law.</p> <p>The Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking and any non-contractual obligations arising out of or in connection with the same will be governed by English law. In respect of any dispute under any such agreement or deed to which it is a party, DIB has consented to arbitration in London under the Rules. Any dispute may also be referred to the courts in England or the courts of the DIFC (who shall have exclusive jurisdiction to settle any dispute arising from such documents).</p>

Each of the Master Purchase Agreement, each Supplemental Purchase Contract, each Sale Agreement entered into under the Purchase Undertaking and each Sale Agreement or Transfer Agreement entered into under the Sale Undertaking will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. In respect of any dispute under any such agreement to which it is a party, DIB has agreed to submit to the exclusive jurisdiction of the Dubai courts.

The Corporate Services Agreement will be governed by the laws of the Cayman Islands and will be subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.

**Waiver of Immunity:**

To the extent that DIB may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, DIB will agree in the Transaction Documents to which it is a party not to claim and will irrevocably and unconditionally waive such immunity in relation to any legal proceedings. Further, DIB will irrevocably and unconditionally consent to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any legal proceedings.

**Limited Recourse:**

Each Certificate represents solely an undivided ownership interest in the relevant Trust Assets. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available for the relevant Trust Assets.

Certificateholders will otherwise have no recourse to any assets of the Trustee or DIB in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.

**Selling Restrictions:**

There are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the EEA, the United Kingdom, the Cayman Islands, Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Kingdom of Saudi Arabia, Kingdom of Bahrain, the State of Kuwait, Singapore, Hong Kong, Malaysia and the People's Republic of China.

**United States Selling Restrictions:**

Regulation S, Category 2.

## FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. Certificates will be issued outside the United States to persons who are not U.S. persons in reliance on Regulation S.

Each Tranche of Certificates will initially be represented by a global certificate in registered form (a **Global Certificate**). Global Certificates will be deposited with a common depository for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the common depository. Persons holding ownership interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form.

Payments of any amount in respect of each Global Certificate will, in the absence of any provision to the contrary, be made to the person shown on the relevant Register (as defined in Condition 1.2) as the registered holder of the relevant Global Certificate. None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of any provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 8.1) immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 if an Exchange Event occurs. For these purposes, **Exchange Event** means that (i) a Dissolution Event (as defined in Condition 14) has occurred and is continuing, or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar within 15 days following the request for exchange for completion and dispatch to the relevant Certificateholders. A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Definitive Certificates.

### General

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificates in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes (save in the case of manifest error) shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment on such face amount of such Certificates, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions **Certificateholder** and **holder of Certificates** and related expressions shall be construed accordingly.

Pursuant to the Agency Agreement (as defined herein), the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche issued under the Programme.*

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET]** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET]** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**), only; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”)]** – *[Notice to be included if classification of the Certificates is not “prescribed capital markets products”, pursuant to Section 309B of the SFA.]*

*[Date]*

### DIB SUKUK LIMITED

**Legal Entity Identifier (LEI): 549300U3ZMUHC2JQLL56**

**Issue of [Aggregate Face Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing [Aggregate Face Amount of Tranche] [Title of Certificates] issued on [ ] (the *Original Certificates*)]<sup>1</sup>**

**under the  
U.S.\$7,500,000,000  
Trust Certificate Issuance Programme**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 23 February 2021 [and the Supplement to the Base Prospectus dated [ ] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) (the **Base Prospectus**). This document constitutes the Final Terms of the Certificates described herein [for the purposes of the Prospectus Regulation]<sup>2</sup> and must be read in conjunction with the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus has been published on the

<sup>1</sup> Include only for an issue of further Certificates in accordance with Condition 20.

<sup>2</sup> All references to the Prospectus Regulation, including this reference, to be included only if the Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of Euronext Dublin or other regulated market for the purposes of MiFID II.



websites of Euronext Dublin at <http://www.ise.ie> and Nasdaq Dubai at <http://www.nasdaqdubai.com>. The Base Prospectus is available for viewing during usual business hours at the registered office of the Trustee at P.O. Box 1093, Queensgate House, George Town, Grand Cayman, KY1-1102, Cayman Islands and copies may be obtained from the specified office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated *[original date]*. This document constitutes the Final Terms of the Certificates described herein [for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**)]<sup>3</sup> and must be read in conjunction with the base prospectus dated 23 February 2021 [and the Supplement to the Base Prospectus dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**) including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus has been published on the websites of Euronext Dublin at <http://www.ise.ie> and Nasdaq Dubai at <http://www.nasdaqdubai.com>. The Base Prospectus is available for viewing during usual business hours at the registered office of the Trustee at P.O. Box 1093, Queensgate House, George Town, Grand Cayman, KY1-1102, Cayman Islands and copies may be obtained from the specified office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]*

*[If the Certificates have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. Issuer and Trustee: DIB Sukuk Limited
2. Service Agent: Dubai Islamic Bank PJSC (**DIB**)
3. Series Number: [ ]
  - (a) Tranche Number: [ ]
  - (b) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form a single Series with *[identify earlier Tranche(s)]* on *[insert date/ the Issue Date]*] [Not Applicable]
4. Specified Currency: [ ]
5. Aggregate Face Amount: [ ]
  - (a) Series [ ]
  - (b) Tranche [ ]
6. Issue Price: [ ] per cent. of the Aggregate Face Amount [plus *specified currency* [ ] in respect of [ ] days of accrued Periodic Distribution Amounts from (and including) *the issue date of the Original Certificates* to (but excluding) the Issue Date]<sup>4</sup>

<sup>3</sup> All references to the Prospectus Regulation, including this reference, to be included only if the Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of Euronext Dublin or other regulated market for the purposes of MiFID II.

<sup>4</sup> Include only for an issue of further Certificates in accordance with Condition 20.

7. (a) Specified Denominations: [ ]  
*(this means the minimum integral face amount in which transfers can be made)* *(N.B. If an issue of Certificates is (i) NOT admitted to trading on an EEA regulated market; and (ii) only offered in the EEA in circumstances where a prospectus is not required to be published under the Prospectus Regulation, the €100,000 minimum denomination is not required.)*  
*(N.B. If an issue of Certificates is NOT listed on Nasdaq Dubai, the U.S.\$100,000 minimum denomination is not required.)*
- (b) Calculation Amount (in relation to the calculation of the Periodic Distribution Amount whilst the Certificates are in global form, see Conditions): [ ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
8. (a) Issue Date: [ ]
- (b) Return Accrual Commencement Date: [Issue Date][specify other]
9. Scheduled Dissolution Date: [Specify date or (for Floating Periodic Distribution Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.]  
*(Note that for Renminbi denominated Fixed Periodic Distribution Certificates where the Periodic Distribution Dates and the Periodic Distribution Amount to be paid on such Periodic Distribution Dates are subject to modification in accordance with a Business Day Convention, it will be necessary to use the following wording: "Periodic Distribution Date falling in or nearest to [specify month and year]" )*
10. Periodic Distribution Amount Basis: [[ ] per cent. Fixed Periodic Distribution Amount] [[ ] month  
 EURIBOR/LIBID/LIBOR//LIMEAN/SHIBOR/HIBOR/SIBOR/KLIBOR/EIBOR/SAIBOR/BBSW/AUD LIBOR/JPY LIBOR/PRIBOR/CNH  
 HIBOR/TRLIBOR or TRYLIBOR/TIBOR] +/-  
 [ ] per cent. Floating Periodic Distribution Amount]  
 (see paragraph [17]/[18] below)
11. Dissolution Basis: Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed on the Scheduled Dissolution Date at [ ] per cent. of their Aggregate Face Amount
12. Change of Periodic Distribution Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 17 and 18 below and identify these] [Not Applicable]

13. Put/Call Options: [Not Applicable]  
[Certificateholder Put Option]  
[Optional Dissolution (Call)]  
[(see paragraph [19]/[20] below)]
14. Status: Unsubordinated
15. Date of Trustee's board approval and date of DIB's board approval for issuance of Certificates: [ ] and [ ], respectively

#### PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

16. Notice periods for Condition 10.2: Minimum period: [30] days  
Maximum period: [60] days
17. Fixed Periodic Distribution Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate[s]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Periodic Distribution Date]
- (b) Periodic Distribution Date(s): [[ ] in each year up to and including the Scheduled Dissolution Date]
- (NB: This will need to be amended in the case of long or short return accumulation periods)*
- (For Renminbi denominated Fixed Periodic Distribution Certificates where the Periodic Distribution Dates and the Periodic Distribution Amount to be paid on such Periodic Distribution Dates are subject to modification, specify a Business Day Convention in paragraph 17(g) below (which is expected to be the Modified Following Business Day Convention) and add the words “, subject to adjustment in accordance with the Business Day Convention. For these purposes, “Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [ ]” after “Scheduled Dissolution Date” in this subparagraph (b))*
- (c) Fixed Amount(s) for Certificates in definitive form (and in relation to Certificates in global form, see Conditions): [ ] per Calculation Amount

*(For Renminbi denominated Fixed Periodic Distribution Certificates where the Periodic Distribution Dates and the Periodic Distribution Amount to be paid on such Periodic Distribution Dates are subject to modification in accordance with a Business Day Convention, the following alternative wording is appropriate: “Each Fixed Amount shall be calculated by multiplying the product of the Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards.)*

- (d) Broken Amount(s) for Certificates in [[ ] per Calculation Amount, payable on the definitive form (and in relation to Periodic Distribution Date falling [in/on] [ ]) Certificates in global form, see [Not Applicable] Conditions):

*(Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 17(c))*

- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed) (Applicable for Renminbi denominated Fixed Periodic Distribution Certificates)]

- (f) Determination Date(s): [ ] in each year

*(Insert regular periodic distribution dates, ignoring issue date or scheduled dissolution date in the case of a long or short first or last return accumulation period N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration*

*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*

- (g) Business Day Convention (for the purposes of Condition 6.3): [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

18. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (a) Specified Periodic Distribution Dates: [ ] [Not Applicable]

*(Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert “Not Applicable”)*

- (b) Specified Period: [ ] [Not Applicable]

*(Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")*

- (c) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / [Not Applicable]]
- (d) Additional Business Centre(s): [Not Applicable/give details]
- (e) Manner in which the Rate(s) is/are to be determined: Screen Rate Determination (Condition 7.3) applies
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Reference Rate: [ ] month
- [EURIBOR/LIBID/LIBOR//LIMEAN/SHIBOR/HIBOR/SIBOR/KLIBOR/EIBOR/SAIBOR/BBSW/AUD LIBOR/JPY LIBOR/PRIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/TIBOR]
- (ii) Periodic Distribution Determination Date: [ ]
- (Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling or euro LIBOR), first day of each Return Accumulation Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR)*
- (iii) Relevant Screen Page: [For example, Reuters [LIBOR01/EURIBOR01]]
- (In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (iv) Relevant Time: [ ]
- (g) Margin: [+/-][ ] per cent. per annum
- (h) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
30E/360 (ISDA)

(See Condition 7 for alternatives)

(i) Calculation Agent:

[Principal Paying Agent] [specify other]

## PROVISIONS RELATING TO DISSOLUTION

19. Optional Dissolution (Call):

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub paragraphs of this paragraph. N.B. For Sharia reasons, Optional Dissolution (Call) and Certificateholder Put Option cannot both be specified as applicable for a particular Series)*

(a) Optional Dissolution Amount (Call): [[ ] per Calculation Amount]

(b) Optional Dissolution Amount (Call) [ ] per cent.  
Percentage:

(c) Optional Dissolution Date: [Any Periodic Distribution Date] [specify other]

*(N.B. If the Floating Periodic Distribution Provisions are applicable, the Optional Dissolution Date must be a Periodic Distribution Date)*

(d) Notice periods

Minimum period: [30] days

Maximum period: [60] days

[ ]

*(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or Delegate)*

20. Certificateholder Put Option:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph. N.B. For Sharia reasons, Certificateholder Put Option and Optional Dissolution (Call) cannot both be specified as applicable for a particular Series)*

(a) Optional Dissolution Amount (Certificateholder Put): [[ ] per Calculation Amount]

(b) Optional Dissolution Amount (Certificateholder Put) Percentage: [ ] per cent.

(c) Certificateholder Put Option Date(s): [ ]

(d) Notice Periods

Minimum period: [15] days

Maximum period: [30] days

[ ]

*(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or Delegate)*

21. Final Dissolution Amount:

[[ ] per Calculation Amount] [Note: this must be par]

22. Early Dissolution Amount (Tax):

[[ ] per Calculation Amount] [Note: this must be par]

23. Dissolution Amount pursuant to Condition 14:

[ ] per Calculation Amount [Note: this must be par]

**GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES**

24. Form of Certificates:

Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate

25. Additional Financial Centres:

[Not Applicable/give details]

*(Note that this paragraph relates to the date of payment and not Return Accumulation Period end dates, to which sub-paragraph 18(d) relates)*

26. Details of Transaction Account:

DIB Sukuk Limited Transaction Account No: [ ] with [ ] for Series No.: [ ]

**THIRD PARTY INFORMATION**

[[Relevant third party information] has been extracted from [specify source]. Each of the Trustee and DIB confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of

**DIB SUKUK LIMITED**

By: .....

*Duly authorised*

Signed on behalf of

**DUBAI ISLAMIC BANK PJSC**

By: .....

*Duly authorised*

By:.....

*Duly authorised*



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market and to be listed on the official list of Euronext Dublin][*Nasdaq Dubai or specify relevant regulated market and, if relevant, listing on an official list (for example, the Official List maintained by the Dubai Financial Services Authority)*] with effect from [ ].]

[Application is expected to be made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market and to be listed on the official list of Euronext Dublin][*Nasdaq Dubai or specify relevant regulated market and, if relevant, listing on an official list (for example, the Official List maintained by the Dubai Financial Services Authority)*] with effect from [ ].]

[Not Applicable.]

*(Where documenting a fungible issue, it needs to be indicated that the original Certificates are already admitted to trading.)*

- (ii) Estimate of total expenses related [ ]  
to admission to trading:

### 2. RATINGS

Ratings:

[The Certificates to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Certificates of this type issued under the Programme generally]:

[Fitch Ratings Limited (**Fitch**): [ ]]

[Moody's Investors Service Cyprus Ltd. (**Moody's**): [ ]]

[[Fitch] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.]

[[Moody's] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and DIB is aware, no person involved in the issue of the Certificates has an interest material to the offer. The

[Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Trustee and the DIB and their affiliates in the ordinary course of business – *Amend as appropriate if there are other interests.*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

4. **[PROFIT OR RETURN** (*Fixed Periodic Distribution Certificates only*)

Indication of profit or return: [ ]

The profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.]

5. **USE OF PROCEEDS**

(i) Use of proceeds: [See “*Use of Proceeds*” in the Base Prospectus]/[ ]

(ii) Estimated amount of net proceeds: [ ]

6. **OPERATIONAL INFORMATION**

(i) ISIN: [ ]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [ ]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [ ].

(ii) Common Code: [ ]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [ ]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [ ].

(iii) CFI: [[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]]

(iv) FISN: [[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]/[Not Available]]

- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (viii) Stabilisation Manager(s): [ ]

7. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (iv) U.S. Selling Restrictions: Regulation S, Category 2

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form issued under the Programme and will apply to each Global Certificate.*

DIB Sukuk Limited (in its capacities as issuer and trustee, the **Trustee**) has established a programme (the **Programme**) for the issuance of up to U.S.\$7,500,000,000 in aggregate face amount of trust certificates. In these Terms and Conditions (the **Conditions**), references to **Certificates** shall be references to the trust certificates which are the subject of the applicable Final Terms and references to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Certificate.

Certificates issued under the Programme are issued in Series (as defined below). The applicable Final Terms complete these Conditions.

In these Conditions:

**Series** means a Tranche (as defined below) of Certificates together with any additional Tranche or Tranches of Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) thereon and the date from which Periodic Distribution Amounts start to accrue;

**Tranche** means Certificates which are identical in all respects (including as to listing and admission to trading); and

**Transaction Account** means, in relation to each Series, the non-interest bearing account maintained in London in the Trustee's name held with the Principal Paying Agent and into which DIB will deposit all amounts due to the Trustee under the Transaction Documents, details of which are specified in the applicable Final Terms.

The Certificates of each Series will represent an undivided ownership interest in the Trust Assets (as defined in Condition 4.1) which are held by the Trustee on trust (the **Trust**) for, *inter alia*, the benefit of the registered holders of the Certificates pursuant to (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 23 February 2021 and made between the Trustee, Dubai Islamic Bank PJSC (**DIB**) and Deutsche Trustee Company Limited (the **Delegate** which expression shall include any co-Delegate or any successor) and (ii) in respect of each Tranche, a supplemental trust deed dated the issue date (the **Issue Date**) of such Tranche of Certificates (the **Supplemental Trust Deed** and, together with the Master Trust Deed, the **Trust Deed**).

Payments relating to the Certificates will be made pursuant to an amended and restated agency agreement dated 23 February 2021 (the **Agency Agreement**) made between the Trustee, the Delegate, DIB, Deutsche Bank AG, London Branch in its capacities as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression shall include any successor and, together with any further or other paying agents appointed from time to time in accordance with the Agency Agreement, the **Paying Agents**, which expression shall include any successors) and calculation agent (in such capacity, the **Calculation Agent**, which expression shall include any successor) and Deutsche Bank Luxembourg S.A. in its capacities as a registrar (in such capacity, the **Registrar**, which expression shall include any successor) and as transfer agent (in such capacity and together with the Registrar, the **Transfer Agents**, which expression shall include any successors). The Paying Agents, the Calculation Agent and the Transfer Agents are together referred to in these Conditions as the **Agents**.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions:

- (a) any reference to face amount shall be deemed to include the relevant Dissolution Amount (as defined in Condition 8.1), any additional amounts (other than relating to Periodic Distribution Amounts (as

defined in Condition 6.2)) which may be payable under Condition 11, and any other amount in the nature of face amounts payable pursuant to these Conditions;

- (b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (c) references to Certificates being “outstanding” shall be construed in accordance with the Master Trust Deed; and
- (d) any reference to a Transaction Document (as defined below) shall be construed as a reference to that Transaction Document as amended and/or supplemented from time to time.

Subject as set out below, copies of the documents set out below (i) are available for inspection and obtainable free of charge by the Certificateholders during normal business hours at the specified office for the time being of the Principal Paying Agent and/or (ii) may be provided by email to a Certificateholder following its prior written request to the Principal Paying Agent and the provision of evidence satisfactory to the Principal Paying Agent as to its holding of the relevant Certificates and identity. The holders of the Certificates (the **Certificateholders**) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below:

- (a) an amended and restated master purchase agreement between DIB Sukuk Limited (in its capacity as Trustee and in its capacity as purchaser, the **Purchaser**) and DIB (in its capacity as seller, the **Seller**) dated 7 November 2019 (the **Master Purchase Agreement**);
- (b) the supplemental purchase contract (the **Supplemental Purchase Contract** and, together with the Master Purchase Agreement, the **Purchase Agreement**) having the details set out in the applicable Final Terms;
- (c) the amended and restated service agency agreement between the Trustee and DIB (in its capacity as service agent, the **Service Agent**) dated 7 November 2019 (the **Service Agency Agreement**);
- (d) the amended and restated purchase undertaking made by DIB for the benefit of the Trustee and the Delegate dated 7 November 2019 (the **Purchase Undertaking**);
- (e) the amended and restated sale undertaking made by the Trustee for the benefit of DIB dated 7 November 2019 (the **Sale Undertaking**);
- (f) the Trust Deed;
- (g) the Agency Agreement; and
- (h) the applicable Final Terms.

The documents listed above are referred to in these Conditions as the **Transaction Documents**. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct DIB Sukuk Limited, on behalf of the Certificateholders, (i) to apply the sums paid by it in respect of its Certificates to the Purchaser in accordance with the Purchase Agreement and (ii) to enter into each Transaction Document to which it is a party, subject to the provisions of the Trust Deed and these Conditions.

## **1. FORM, DENOMINATION AND TITLE**

### **1.1 Form and Denomination**

The Certificates are issued in registered form in the Specified Denominations and, in the case of Certificates in definitive form, are serially numbered.

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by a clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Delegate, DIB and the Agents as the holder of such face amount of such Certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, the Delegate, DIB and any Agent as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions **Certificateholder** and **holder** in relation to any Certificates and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular face amount of Certificates as aforesaid, the Delegate may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Each holder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder of the Global Certificate. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## 1.2 **Register**

The Registrar will maintain a register (the **Register**) of Certificateholders in respect of the Certificates in accordance with the provisions of the Agency Agreement. In the case of Certificates in definitive form, a definitive Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates.

## 1.3 **Title**

The Trustee, the Delegate, DIB and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Certificate is for the time being registered (as set out in the Register) as the holder of such Certificate or of a particular face amount of the Certificates for all purposes (whether or not such Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, the Delegate, DIB and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for moneys payable in respect of such Certificate or face amount.

## 2. **TRANSFERS OF CERTIFICATES**

### 2.1 **Transfers of interests in the Global Certificate**

Transfers of interests in the Global Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

## **2.2 Transfers of Certificates in definitive form**

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer (a) the holder or holders must (i) surrender the definitive Certificate for registration of the transfer thereof (or the relevant part thereof) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such regulations as DIB Sukuk Limited, DIB, the Delegate and the Registrar may from time to time prescribe (the initial such regulations being scheduled to the Master Trust Deed).

Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request a new Certificate in definitive form of a like aggregate face amount to the Certificate (or the relevant part of the Certificate) transferred. In the case of the transfer of part only of a Certificate in definitive form, a new Certificate in definitive form in respect of the balance of the Certificate not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

No Certificateholder may require the transfer of a Certificate in definitive form to be registered during the period of 15 days ending on a Periodic Distribution Date, the Scheduled Dissolution Date, a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Certificate falls due.

## **2.3 Costs of registration**

Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Trustee may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## **3. STATUS AND LIMITED RECOURSE**

### **3.1 Status**

Each Certificate evidences an undivided ownership interest in the Trust Assets, subject to the terms of the Trust Deed and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with the other Certificates.

### **3.2 Limited Recourse**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as provided in the next sentence, the Certificates do not represent an interest in or obligation of any of the Trustee, DIB, the Delegate, the Agents or any of their respective affiliates. Accordingly, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that they will have no recourse to any assets of the Trustee (including, in particular, other assets comprised in other trusts, if any), DIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), or the Delegate, or the Agents, or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

DIB is obliged to make certain payments under the Transaction Documents directly to the Trustee (for and on behalf of the Certificateholders), and the Delegate will have direct recourse against DIB to recover such payments.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 14, no holder of Certificates will have any claim against the Trustee, DIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), or the Delegate, or the Agents, or any of their respective affiliates or against any assets (other than the Trust Assets to the extent not exhausted) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no holder of Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Trustee, DIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

### 3.3 Agreement of Certificateholders

By purchasing Certificates, each Certificateholder is deemed to have agreed that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (a) no payment of any amount whatsoever shall be made by the Trustee or any of its shareholders, directors, officers, employees or agents on its behalf except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or under any Transaction Document to which it is a party, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon any Transaction Document, against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished;
- (b) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents have been paid in full, it will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law; and
- (c) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee arising under or in connection with these Conditions by virtue of any customary law, statute or otherwise shall be had against any shareholder, member, officer, agent, director or corporate services provider of the Trustee in their capacity as such and any and all personal liability of every such shareholder, member, officer, agent, director or corporate services provider in their capacity as such for any breaches by the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law.

## 4. THE TRUST

### 4.1 The Trust Assets

Pursuant to the Purchase Agreement, the Seller will sell (i) on the Issue Date of the first Tranche of the relevant Series, an initial portfolio (the **Initial Portfolio**) and (ii) on the Issue Date of any further Tranche of such Series, an additional portfolio (the **Additional Portfolio** and, together with the Initial Portfolio and, as modified from time to time, the **Portfolio**) of certain assets (the **Assets**) specified in the Supplemental Purchase Contract to the Trustee and the Trustee will purchase the Initial Portfolio or the Additional Portfolio, as the case may be, using the proceeds of the issue of the relevant Tranche of Certificates. The Trustee has entered into the Service Agency Agreement with the Service Agent as service agent of the Portfolio.



DIB has entered into the Purchase Undertaking in favour of the Trustee and the Delegate to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Portfolio on the Scheduled Dissolution Date at the Final Dissolution Amount (each as defined in Condition 10.1) or, if earlier, on the due date for dissolution determined in accordance with Condition 14 at the Dissolution Amount specified in the applicable Final Terms. If Certificateholder Put Option is specified in the applicable Final Terms as being applicable, the Purchase Undertaking may also be exercised ahead of a Certificateholder Put Option Date (as specified in the applicable Final Terms) to fund the relevant Certificates being redeemed under Condition 10.4 through the purchase by DIB of the Trustee's rights, title, interests, benefits and entitlements in, to and under a portion of the Portfolio with an aggregate Value (as defined in the Service Agency Agreement) no greater than the aggregate face amount of such Certificates being redeemed.

Pursuant to the Sale Undertaking, subject to the Trustee being entitled to redeem the Certificates early pursuant to Condition 10.2, DIB may, by exercising its option under the Sale Undertaking and serving notice on the Trustee no later than 60 days prior to the Tax Dissolution Date (as defined in Condition 10.2), oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Portfolio on the Tax Dissolution Date at the Early Dissolution Amount (Tax). If Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable, DIB may, by exercising its option under the Sale Undertaking and serving notice on the Trustee no later than 60 days prior to the Optional Dissolution Date, oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Portfolio on the Optional Dissolution Date.

Following any purchase of Certificates by or on behalf of DIB or any of its Subsidiaries (as defined in Condition 13) pursuant to Condition 13, the Sale Undertaking may also be exercised in respect of the transfer to DIB of an ownership interest (a **Cancellation Interest**) in the Portfolio with an aggregate Value no greater than the aggregate face amount of the Certificates so purchased against cancellation of such Certificates by the Principal Paying Agent. The Cancellation Interest will be calculated as the ratio, expressed as a percentage, of the aggregate outstanding face amount of the relevant Certificates to be cancelled to the aggregate face amount of the Certificates outstanding immediately prior to the cancellation of such Certificates.

Pursuant to the Trust Deed, the Trustee holds the Trust Assets upon trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates held by each holder. The term **Trust Assets** means:

- (a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Portfolio;
- (b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than (i) in relation to any representations given to the Trustee by DIB pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents and (ii) the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and
- (c) all monies standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

#### 4.2 **Application of Proceeds from the Trust Assets**

On each Periodic Distribution Date and on the Scheduled Dissolution Date or any earlier Dissolution Date, the monies standing to the credit of the Transaction Account shall be applied in the following order of priority:

- (a) *first*, to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate;
- (b) *second*, to the Principal Paying Agent for application in or towards payment *pari passu* and

rateably of all Periodic Distribution Amounts due and unpaid;

- (c) *third*, only if such payment is made on the Scheduled Dissolution Date or a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Amount;
- (d) *fourth*, only if such payment is made on the Scheduled Dissolution Date or the final Dissolution Date, to the Service Agent to repay any amounts advanced by way of a Liquidity Facility (as defined in the Service Agency Agreement);
- (e) *fifth*, only if such payment is made on the Scheduled Dissolution Date or the final Dissolution Date, to the Service Agent in or towards payment of any outstanding Service Agency Liability Amounts (as defined in the Service Agency Agreement); and
- (f) *sixth*, only after all necessary payments above have been made in full, to DIB.

## 5. COVENANTS

The Trustee covenants that, for so long as any Certificate is outstanding, it will not (without the prior written consent of the Delegate):

- (a) incur any indebtedness in respect of borrowed money whatsoever (whether structured in accordance with the principles of the Sharia or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other certificates except, in all cases, as contemplated in the Transaction Documents;
- (b) grant or permit to be outstanding any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its ownership interest in any of the Trust Assets except pursuant to the Transaction Documents;
- (d) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (e) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its memorandum and articles of association;
- (f) act as trustee in respect of any trust other than a trust corresponding to any other Series issued under the Programme;
- (g) have any subsidiaries or employees;
- (h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (i) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement

thereto or as expressly permitted or required thereunder or engage in any business or activity other than:

- (i) as provided for or permitted in the Transaction Documents;
- (ii) the ownership, management and disposal of Trust Assets as provided in the Transaction Documents; and
- (iii) such other matters which are incidental thereto.

## **6. FIXED PERIODIC DISTRIBUTION PROVISIONS**

### **6.1 Application**

This Condition is applicable to the Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

### **6.2 Periodic Distribution Amount**

Subject to Condition 4.2 and Condition 8, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on each Periodic Distribution Date equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

In these Conditions:

**Periodic Distribution Amount** means, in relation to a Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with this Condition 6 or Condition 7; and

**Return Accumulation Period** means the period from (and including) a Periodic Distribution Date (or the Return Accrual Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date.

### **6.3 Determination of Periodic Distribution Amount**

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount or, if so specified in the applicable Final Terms, the Broken Amount so specified.

In the case of a Certificate where the Specified Currency is Renminbi and the applicable Final Terms specifies a Business Day Convention to be applicable (an **Adjusted Renminbi Fixed Periodic Distribution Certificate**), each Periodic Distribution Date (and, accordingly, the relevant Return Accumulation Period) will be adjusted (if required) in accordance with the relevant Business Day Convention. For this purpose, the provisions relating to the application of a Business Day Convention set out in Condition 7.2 below shall apply to this Condition 6, *mutatis mutandis*, save that, for the purposes of the Conditions relating to an Adjusted Renminbi Fixed Periodic Distribution Certificate, the term **Business Day** shall mean a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Hong Kong.

Except in the case of Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate shall be calculated by applying the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms (the **Rate**) applicable to the relevant Return Accumulation Period to:

- (a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or
- (b) in the case of Certificates in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Certificate in definitive form is a multiple of the Calculation Amount, the amount of profit distribution payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (i) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

#### 6.4 Cessation of Profit Entitlement

No further amounts will be payable on any Certificate from and including the Scheduled Dissolution Date or, as the case may be, the relevant Dissolution Date, as a result of the failure of DIB to pay the relevant Exercise Price and enter into a sale agreement in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, unless default is made in the payment of the relevant Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition.

### 7. FLOATING PERIODIC DISTRIBUTION PROVISIONS

#### 7.1 Application

This Condition is applicable to the Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

#### 7.2 Periodic Distribution Amount

Subject to Condition 4.2 and 8, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on either:

- (a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or
- (b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a **Periodic Distribution Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accrual Commencement Date.

In relation to each Periodic Distribution Date, the distribution payable will be equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 7.2(b) above, the Floating Rate Convention, such Periodic Distribution Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or
- (B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

**Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open (**TARGET Settlement Day**); and
- (c) either (i) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the specified currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively), (ii) in relation to any sum payable in euro, a TARGET Settlement Day; or (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

### 7.3 Screen Rate Determination

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms (the **Rate**) is to be determined, the Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

- (a) if the Reference Rate specified in the applicable Final Terms is a composite<sup>2.3</sup> quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (i) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to prime banks in the London or Eurozone interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and
  - (ii) determine the arithmetic mean of such quotations; and
- (d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00

a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

In this Condition the following expressions have the following meanings:

**Reference Banks** means the principal London office of each of four major banks engaged in the London or Eurozone inter-bank market selected by or on behalf of the Trustee, provided that once a Reference Bank has first been selected by or on behalf of the Trustee, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

**Reference Rate** means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

- (A) Euro interbank offered rate (**EURIBOR**);
- (B) London interbank bid rate (**LIBID**);
- (C) London interbank offered rate (**LIBOR**);
- (D) London interbank mean rate (**LIMEAN**);
- (E) Shanghai interbank offered rate (**SHIBOR**);
- (F) Hong Kong interbank offered rate (**HIBOR**);
- (G) Singapore interbank offered rate (**SIBOR**);
- (H) Kuala Lumpur interbank offered rate (**KLIBOR**);
- (I) Emirates interbank offered rate (**EIBOR**);
- (J) Saudi Arabia interbank offered rate (**SAIBOR**);
- (K) Bank Bill Swap Rate (**BBSW**);
- (L) Australian dollar LIBOR (**AUD LIBOR**);
- (M) Japanese Yen LIBOR (**JPY LIBOR**);
- (N) Prague interbank offered rate (**PRIBOR**);
- (O) CNH Hong Kong interbank offered rate (**CNH HIBOR**);
- (P) Turkish Lira interbank offered rate (**TRLIBOR** or **TRYLIBOR**); and
- (Q) Tokyo interbank offered rate (**TIBOR**);

**Relevant Screen Page** means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate; and

**Relevant Time** shall mean shall mean: (a) 11.00 a.m. (London time, in the case of a determination of LIBOR, LIMEAN, LIBID, AUD LIBOR, JPY LIBOR, Brussels time, in the case of a determination of EURIBOR, Shanghai time, in the case of a determination of SHIBOR, Hong Kong time, in the case of a determination of HIBOR, Singapore time, in the case of a determination of SIBOR, Kuala Lumpur time, in the case of a determination of KLIBOR, Dubai time, in the case of a determination of EIBOR, Riyadh time, in the case of a determination of SAIBOR, Sydney time, in the case of a determination of BBSW, Prague time, in the case of a determination of PRIBOR, Istanbul time, in the case of a determination of TRLIBOR or TRYLIBOR, or Tokyo time, in the case of a determination of TIBOR); or (b) 11.15 a.m. Hong Kong time in the case of a determination of CNH HIBOR.

#### 7.4 **Benchmark Replacement**

Notwithstanding the other provisions of this Condition 7 if the Trustee and DIB determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Rate (or the relevant component part thereof) applicable to the Certificates for any Return Accumulation Period remains to be determined by such Reference Rate, then the following provisions shall apply:

- (a) the Trustee and DIB shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than ten Business Days prior to the relevant Periodic Distribution Determination Date relating to the next succeeding Return Accumulation Period (the **IA Determination Cut-Off Date**), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Rate (or the relevant component part thereof) applicable to the Certificates;
- (b) if (A) the Trustee and DIB are unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Trustee and DIB fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 7.4 prior to the relevant IA Determination Cut-Off Date, then DIB (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate (or the relevant component part thereof) applicable to the Certificates or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 7.4 applying *mutatis mutandis*) to allow such determinations to be made by DIB without consultation with the Independent Adviser;
- (c) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Return Accumulation Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided in, this Condition 7.4);
- (d) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) provided however, if the Independent Adviser (following consultation with the Trustee and DIB), or DIB (acting in good faith and in a commercially reasonable manner) fails to determine the Adjustment Spread in accordance with this Condition 7.4 prior to the relevant Periodic Distribution Determination Date then the Successor Rate or Alternative Reference Rate as determined in accordance with this Condition 7.4 will apply without an Adjustment Spread;
- (e) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 7.4 and the Independent Adviser (following consultation with the Trustee and DIB), or DIB (acting in good faith and in a commercially reasonable manner),



as applicable, determines: (A) that amendments to these Conditions, the Master Trust Deed and/or any other Transaction Document (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Periodic Distribution Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then, at the direction and expense of DIB and subject to delivery of a notice in accordance with Condition 7.4(f) and the certificate in accordance with this Condition 7.4(e): (x) the Trustee and DIB shall vary these Conditions, the Master Trust Deed and/or any other Transaction Document to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Delegate and the Agents shall (at DIB's expense), without any requirement for the consent or sanction of the Certificateholders, be obliged to concur with the Trustee and DIB in effecting such Benchmark Amendments, provided that none of the Delegate nor any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it.

Prior to any such Benchmark Amendments taking effect, DIB shall provide a certificate signed by two Authorised Signatories of DIB to the Trustee, the Delegate and the Principal Paying Agent, certifying that such Benchmark Amendments are: (x) in DIB's reasonable opinion (following consultation with the Trustee and the Independent Adviser), necessary to give effect to any application of this Condition 7.4; and (y) in each case, have been drafted solely to such effect, and the Trustee, the Delegate and the Agents shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, none of the Delegate or any Agent shall be liable to the Certificateholders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Certificateholder or person;

- (f) the Trustee (failing which, DIB) shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Delegate, the Agents (such notice to be delivered not less than 10 Business Days prior to the date on which such Benchmark Amendments are due to come into effect) and, in accordance with Condition 17, the Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any), in each case, as determined in accordance with the provisions of this Condition 7.4;
- (g) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate (or the relevant component part thereof) on the immediately following Periodic Distribution Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate (or the relevant component part thereof) applicable to the Certificates during the relevant Return Accumulation Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period. For the avoidance of doubt, this Condition 7.4(g) shall apply to the relevant Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 7.4; and
- (h) the Independent Adviser appointed pursuant to this Condition 7.4 shall act and make all determinations pursuant to this Condition 7.4 in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, none of the Independent Adviser, the Trustee and DIB shall have any liability whatsoever to the Certificateholders in connection with any determination made by it or, in the case of the Independent Adviser, for

any advice given to DIB in connection with any determination made by DIB pursuant to this Condition 7.4.

Notwithstanding any other provision of this Condition 7, if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 7, the Calculation Agent shall promptly notify the Trustee and DIB thereof and the Trustee, following consultation with the Independent Adviser (if appointed), shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Trustee and DIB thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

For the purposes of this Condition:

**Adjustment Spread** means either a spread (which may be positive, negative or zero), or a formula or methodology for calculating a spread, in each case, to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and DIB) determine is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or
- (c) (if the Independent Adviser (following consultation with the Trustee and DIB) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Trustee and DIB) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (d) (if the Independent Adviser (following consultation with the Trustee and DIB) determines that there is no such industry standard) the Independent Adviser (following consultation with the Trustee and DIB) or DIB (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate;

**Alternative Reference Rate** means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Trustee and DIB) determines, in accordance with this Condition 7.4, is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Certificates and of a comparable duration to the relevant Return Accumulation Period or, if the Independent Adviser or DIB (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or DIB (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

**Benchmark Event** means: (i) the relevant Reference Rate ceasing to be published as a result of such benchmark ceasing to be calculated or administered or ceasing to exist for at least five Business Days; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date, cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will be, by a specified future date, permanently or indefinitely discontinued; or (iv) a public statement by the

supervisor of the administrator of the relevant Reference Rate as a consequence of which, by a specified future date, the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Certificates; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of an underlying market or (vi) it has become unlawful for the Trustee, DIB, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Certificateholder using the relevant Reference Rate, provided that, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) and (v) above, and the relevant specified future date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified future date;

**Financial Stability Board** means the organisation established by the Group of Twenty (G20) in April 2009;

**Independent Adviser** means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Trustee and DIB at DIB's expense;

**Relevant Nominating Body** means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the Reference Rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

**Successor Rate** means the rate that the Independent Adviser (in consultation with the Trustee and DIB) or DIB, as applicable, determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

#### 7.5 **Cessation of Profit Entitlement**

No further amounts will be payable on any Certificate from and including the Scheduled Dissolution Date or, as the case may be, the relevant Dissolution Date, unless default is made in the payment of the relevant Dissolution Amount, as a result of the failure of DIB to pay the relevant Exercise Price and enter into a sale agreement in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition provided that, in respect of such accrual, no sale agreement has been executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking.

#### 7.6 **Calculation of Periodic Distribution Amount**

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period to:

- (a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or
- (b) in the case of Certificates in definitive form, the Calculation Amount;

and, in each case, multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of a Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Certificate shall be

the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition:

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);
- (b) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365;
- (c) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;
- (d) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;
- (e) if “30/360” “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Return Accumulation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

## 7.7 Calculation of Other Amounts

If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent.

## 7.8 Publication

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Trustee, DIB, the Delegate, the Paying Agents as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the

fourth day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be required to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period and any such recalculation will be notified to the Trustee, DIB, the Delegate, the Paying Agents and the Certificateholders as soon as practicable after such determination.

#### 7.9 **Notifications, etc. to be final**

All communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Trustee, the Delegate, DIB, the Agents and all Certificateholders and (in the absence of wilful default or bad faith) no liability shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

#### 7.10 **Calculation Agent**

If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or (without prejudice to Condition 7.9) fails duly to determine any Rate, Periodic Distribution Amount and/or Periodic Distribution Date in accordance with the above provisions, the Trustee shall forthwith appoint another leading investment, merchant or commercial bank or financial institution to act as such in its place. The Calculation Agent may not be removed without a successor having been appointed as aforesaid.

### 8. **PAYMENT**

#### 8.1 **Payments in respect of the Certificates**

Subject to Condition 8.2:

- (a) payment in a Specified Currency other than Renminbi of any Dissolution Amount and any Periodic Distribution Amount will be made by transfer to the registered account of each Certificateholder; and
- (b) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Certificateholder with a bank in Hong Kong.

Payments of any Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Each Dissolution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition:

- (a) **Dissolution Amount** means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Optional Dissolution Amount (Call), the Optional Dissolution Amount (Certificateholder Put), the Dissolution Amount for the purposes of Condition 14 or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;
- (b) **Payment Business Day** means:
  - (i) in the case where presentation and surrender of a definitive Certificate is required before payment can be made, a day on which banks in the relevant place of surrender of the definitive Certificate are open for presentation and payment of securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account:

- (A) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
  - (B) if the currency of payment is not euro or Renminbi, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre; or
  - (C) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; or
  - (D) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open;
- (c) a Certificateholder's **registered account** means, in the case of payment in Renminbi, the Renminbi account maintained by or on behalf of the Certificateholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the relevant Record Date or, in the case of a payment in a specified Currency other than Renminbi, the account maintained by or on behalf of such Certificateholder with a bank that processes such payments, details of which appear on the Register at the close of business on the relevant Record Date;
- (d) a Certificateholder's **registered address** means its address appearing on the Register at that time; and
- (e) **Record Date** means (i) (where the Certificate is represented by a Global Certificate), at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the Periodic Distribution Date, Scheduled Dissolution Date or Dissolution Date, as the case may be; or (ii) (where the Certificate is in definitive form), in the case of the payment of a Periodic Distribution Amount, the date falling at the close of business on the fifth day (in the case of Renminbi) and on the fifteenth day (in the case of a specified currency other than Renminbi) (whether or not such fifth day fifteenth day is a business day) before the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the Scheduled Dissolution Date or Dissolution Date, as the case may be.

## 8.2 Payments subject to Applicable Laws

Payments in respect of Certificates are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 11, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto.

## 8.3 Payment only on a Payment Business Day

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of a payment of any Dissolution Amount, if later, on the Payment Business Day on which the relevant definitive Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the relevant Certificateholder is late in surrendering its definitive Certificate (if required to do so).

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount in fact paid.

#### 8.4 **RMB account**

All payments in respect of any Certificate or Periodic Distribution Amount in RMB will be made solely by credit to a registered RMB account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

#### **RMB Currency Event**

If the Specified Currency of the Certificates is RMB and an RMB Currency Event, as determined by DIB or the Trustee acting in good faith, exists on a date for payment of any Dissolution Amount or Periodic Distribution Amount (in whole or in part) in respect of any Certificate, the Trustee's obligation to make a payment in RMB under the terms of the Certificates may be replaced by an obligation to pay such amount (in whole or in part) in the Relevant Currency and converted using the Spot Rate for the relevant Determination Date as promptly notified to the Trustee and the Paying Agents.

Upon the occurrence of an RMB Currency Event, the Trustee shall give notice as soon as practicable to the Certificates in accordance with Condition 17 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with a bank in New York City; and the definition of **Payment Business Day** in Condition 8.1 shall mean any day which (subject to Condition 12) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Certificates in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition 8:

**Determination Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

**Determination Date** means the day which is two Determination Business Days before the due date of the relevant payment under the Certificates, other than where the Trustee properly determines that a RMB Currency Event has occurred at any time during the period from and including 10:01 a.m. (Hong Kong time) on the second Determination Business Day preceding the original due date to and including 11:59 p.m. (Hong Kong time) on the original due date, in which case the **Determination Date** will be the Determination Business Day immediately following the date on which the determination of the occurrence of a RMB Currency Event has been made;

**Governmental Authority** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**Relevant Currency** means United States dollars;

**RMB Currency Events** means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;



**RMB Illiquidity** means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Trustee cannot obtain sufficient RMB in order to satisfy its obligation to pay an Periodic Distribution Amount or Dissolution Amount (in whole or in part) in respect of the Certificates, as determined by DIB or the Trustee acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

**RMB Inconvertibility** means the occurrence of any event that makes it impossible for the Trustee to convert any amount due in respect of the Certificates into RMB on any payment date in the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

**RMB Non-Transferability** means the occurrence of any event that makes it impossible for the Trustee to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation); and

**Spot Rate** means the spot CNY/U.S.\$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8.4 by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Trustee, the Agents and all RMB Certificateholders.

## **9. AGENTS**

### **9.1 Agents of Trustee**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

### **9.2 Specified Offices**

The initial Agents are set out in the Agency Agreement. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the

applicable Final Terms. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided, however, that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be a Registrar;
- (c) if a Calculation Agent (other than the Principal Paying Agent) has been appointed in the applicable Final Terms, there will at all times be a Calculation Agent; and
- (d) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent, Registrar and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system; and
- (e) there will at all times be a Paying Agent (which may be the Principal Paying Agent) located in a jurisdiction within Europe other than the jurisdiction in which the Trustee or DIB is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 17.

## **10. CAPITAL DISTRIBUTIONS OF THE TRUST**

### **10.1 Scheduled Dissolution**

Unless the Certificates are previously redeemed, or purchased and cancelled, in full, the Trustee will redeem each Certificate on the Scheduled Dissolution Date at the Final Dissolution Amount together with any Periodic Distribution Amounts payable. Upon payment in full of such amounts to the Certificateholders, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

### **10.2 Early Dissolution for Tax Reasons**

The Certificates may be redeemed by the Trustee in whole, but not in part:

- (a) at any time (if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable); or
- (b) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable),

(such date, the **Tax Dissolution Date**) on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Certificateholders in accordance with Condition 17 (which notice shall be irrevocable), at the Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amount, if a Tax Event occurs where **Tax Event** means:

- (a) the determination by DIB that (1) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 11) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (b) the receipt by the Trustee of notice from DIB that (1) DIB has or will become obliged to pay additional amounts pursuant to the terms of the Service Agency Agreement, the Purchase Undertaking and/or the Sale Undertaking as a result of any change in, or amendment to, the

laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series and (2) such obligation cannot be avoided by DIB taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given unless an exercise notice has been received by the Trustee from DIB under the Sale Undertaking and no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (b) above) DIB would be obliged to pay such additional amounts if a payment to the Trustee under the Service Agency Agreement was then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Trustee shall deliver to the Delegate (i) a certificate signed by one director of the Trustee (in the case of (a) above) or two Authorised Signatories of DIB (in the case of (b) above) stating that the Trustee is entitled to effect such dissolution and redemption and setting forth a statement of facts showing that the conditions precedent in (a) or (b) above to the right of the Trustee so to dissolve have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or DIB, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment. The Delegate shall be entitled to accept (without further investigation) any such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Certificateholders. Upon the expiry of any such notice as is referred to in this Condition 10.2, the Trustee shall be bound to redeem the Certificates at the Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amount and, upon payment in full of such amounts to the Certificateholders, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

### **10.3 Dissolution at the Option of the Trustee**

If Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable, the Certificates may be redeemed in whole but not in part on any Optional Dissolution Date, which must be a Periodic Distribution Date if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms, at the relevant Optional Dissolution Amount (Call) together with any accrued but unpaid Periodic Distribution Amounts on the Trustee giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Certificateholders in accordance with Condition 17 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on the relevant Optional Dissolution Date). Upon such redemption, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof; provided, however, that no such notice of redemption shall be given unless the Trustee has received an exercise notice from DIB under the Sale Undertaking.

Optional Dissolution (Call) and Certificateholder Put Option may not both be specified as applicable in the applicable Final Terms.

### **10.4 Dissolution at the option of the Certificateholders**

If Certificateholder Put Option is specified in the applicable Final Terms as being applicable, upon the holder of any Certificate giving to the Trustee in accordance with Condition 17 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Trustee will, upon the expiry of such notice, redeem such Certificate on the Certificateholder Put Option Date and at the Optional Dissolution Amount (Certificateholder Put) together with any accrued but unpaid Periodic Distribution Amounts. Certificates may be redeemed under this Condition 10.4 in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of this Certificate the holder of this Certificate must, if this Certificate is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 10.4 and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 2.2.

If this Certificate is represented by a Global Certificate or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Certificate the holder of this Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 10.4 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 14, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 10.4.

Certificateholder Put Option and Optional Dissolution (Call) may not both be specified as applicable in the applicable Final Terms.

#### 10.5 **No other Dissolution**

The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust, otherwise than as provided in this Condition, Condition 13 and Condition 14.

#### 10.6 **Cancellations**

All Certificates which are redeemed, and all Certificates purchased by or on behalf of DIB or any of its Subsidiaries and delivered by DIB to the Principal Paying Agent for cancellation, will forthwith be cancelled and accordingly such Certificates may not be held, reissued or resold.

#### 10.7 **Dissolution Date**

In these Conditions, the expression **Dissolution Date** means, as the case may be, (a) following the occurrence of a Dissolution Event (as defined in Condition 14), the date on which the Certificates are redeemed in accordance with the provisions of Condition 14, (b) the date on which the Certificates are redeemed in accordance with the provisions of Condition 10.2, (c) any Optional Dissolution Date or (d) any Certificateholder Put Option Date.

### 11. **TAXATION**

All payments in respect of the Certificates shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by the parties entitled thereto, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate:

- (a) presented for payment (where presentation is required) in a Relevant Jurisdiction; or
- (b) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or
- (c) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Business Day.

As used in these Conditions:

**Relevant Date** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received and notice to that effect has duly been given to the Certificate holders in accordance with Condition 17;

**Relevant Jurisdiction** means: (i) in the case of payments to be made by the Trustee, the Cayman Islands; or (ii) in the case of payments to be made by DIB (acting in any capacity), the United Arab Emirates or any Emirate therein or, in each case, any political subdivision or authority thereof or therein having the power to tax; and

**Taxes** means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction.

*The Purchase Undertaking, the Sale Undertaking and the Service Agency Agreement provide that payments and transfers thereunder by DIB, shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment or transfer, as the case may be, by DIB of additional amounts so that the full amount which would otherwise have been due and payable or transferable, as the case may be, is received by the Trustee.*

## 12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of 10 years (in the case of Dissolution Amounts) and a period of five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 8.

## 13. PURCHASE AND CANCELLATION OF CERTIFICATES

### 13.1 Purchases

DIB or any of its Subsidiaries may at any time purchase Certificates at any price in the open market or otherwise.

For the purposes of these Conditions, **Subsidiary** means, in relation to DIB, any entity whose financial statements at any time are required by law or in accordance with provisions of generally accepted accounting principles to be fully consolidated with those of DIB.

### 13.2 Cancellation of Certificates held by DIB and/or any of its Subsidiaries

Following any purchase of Certificates by or on behalf of DIB or any of its Subsidiaries pursuant to Condition 13.1, the Sale Undertaking may be exercised by DIB in respect of the transfer to DIB of a Cancellation Interest in the Portfolio with an aggregate Value not greater than the aggregate face amount of the Certificates so purchased against cancellation of such Certificates pursuant to Condition 10.6.

## 14. DISSOLUTION EVENTS

Upon the occurrence and continuation of any of the following events (**Dissolution Events**):

- (a) default is made in the payment of any Dissolution Amount or any Periodic Distribution Amount on the due date for payment thereof and such default continues unremedied for a period of seven days; or
- (b) the Trustee fails to perform or observe any of its other duties, obligations or undertakings under the Transaction Documents and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Delegate of a notice on the Trustee requiring the same to be remedied; or
- (c) a DIB Event (as defined in the Purchase Undertaking) occurs; or
- (d) the Trustee repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document; or
- (e) at any time it is or will become unlawful or impossible for the Trustee to perform or comply with any or all of its obligations under the Transaction Documents to which it is party or any of the obligations of the Trustee under the Transaction Documents to which it is a party are not or cease to be legal, valid, and binding; or
- (f) either (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due or (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made) or (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or
- (h) any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (f) and (g) above,

the Delegate (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), if notified in writing of the occurrence of such Dissolution Event, shall give notice of the occurrence of such Dissolution Event to the holders of Certificates in accordance with Condition 17 with a request to such holders to indicate if they wish the Certificates to be redeemed and the Trust to be dissolved. If so requested in writing by the holders of at least one-fifth of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution of the holders of the Certificates (each a **Dissolution Request**), the Delegate shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice of the Dissolution Request to the Trustee, DIB and all the holders of the Certificates in accordance with Condition 17 whereupon the Certificates shall be immediately redeemed at the Dissolution Amount specified in the applicable Final Terms, together with any accrued but unpaid Periodic Distribution Amounts on the date of such notice. Upon payment in full of such amounts, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purpose of (a) above, amounts shall be considered due in respect of the Certificates (including any amounts calculated as being payable under Condition 6, Condition 7 and Condition 10)

notwithstanding that the Trustee has, at the relevant time, insufficient funds or Trust Assets to pay such amounts.

## **15. ENFORCEMENT AND EXERCISE OF RIGHTS**

### **15.1 Enforcement**

Upon the occurrence of a Dissolution Event and the giving of notice of a Dissolution Request to the Trustee by the Delegate, to the extent that the amounts payable in respect of the Certificates have not been paid in full pursuant to Condition 14, subject to Condition 15.2 the Delegate shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking and/or the Service Agency Agreement against DIB; and/or
- (b) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

Notwithstanding the foregoing but subject to Condition 15.2, the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Trustee and/or DIB to enforce their respective obligations under the Transaction Documents, these Conditions and the Certificates.

### **15.2 Delegate not obliged to take Action**

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action against the Trustee and/or DIB under any Transaction Document unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-fifth of the then aggregate face amount of the Certificates outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing provided that the Delegate shall not be liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

### **15.3 Direct Enforcement by Certificateholder**

No Certificateholder shall be entitled to proceed directly against the Trustee and/or DIB or provide instructions (not otherwise permitted by the Trust Deed) to the Delegate to proceed against the Trustee and/or DIB under any Transaction Document unless the Delegate, having become bound to proceed (a) fails to do so within a reasonable period or (b) is unable by reason of an order of a court having competent authority to do so, and such failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than pursuant to the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and DIB shall be to enforce their respective obligations under the Transaction Documents.

### **15.4 Limited Recourse**

The foregoing paragraphs in this Condition are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 4.2 and the Trust Deed, the obligations of the Trustee in respect of the Certificates shall be satisfied and no holder of the Certificates may take any further steps against the Trustee, the Delegate or any other person to recover any further sums in respect of the Certificates and the right to receive any sums unpaid shall be extinguished. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of DIB Sukuk Limited.

## **16. REPLACEMENT OF DEFINITIVE CERTIFICATES**

Should any definitive Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (and if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee, DIB, the Registrar, the Paying Agent or the Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **17. NOTICES**

All notices to Certificateholders will be valid if:

- (a) published in a daily newspaper having general circulation in the Republic of Ireland (which is expected to be the *Irish Times*) approved by the Delegate or published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)) or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe approved by the Delegate; or
- (b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation including publication on the website of the relevant listing authority, relevant stock exchange or relevant quotation system if required by those rules. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any definitive Certificates are issued, there may, so long as any Global Certificate representing the Certificates is held on behalf of one or more clearing systems, be substituted for such publication in such newspaper(s) or such website(s) the delivery of the relevant notice to the relevant clearing systems for communication by them to the Certificateholders and, in addition, for so long as any Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Certificateholders on the day after the day on which the said notice was given to the relevant clearing systems.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Certificates are represented by a Global Certificate held on behalf of one or more clearing systems, such notice may be given by any holder of a Certificate to the Principal Paying Agent through the clearing system in which its interest in the Certificates is held in such manner as the Principal Paying Agent and the relevant clearing system may approve for this purpose.

## **18. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

- 18.1 The Master Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or the provisions of the Trust Deed. The quorum at any meeting



for passing an Extraordinary Resolution will be one or more Eligible Persons (as defined in the Master Trust Deed) present holding or representing in the aggregate more than 50 per cent. of the then outstanding aggregate face amount of the Certificates, or at any adjourned such meeting one or more Eligible Persons present whatever the outstanding face amount of the Certificates held or represented by him or them, except that any meeting the business of which includes the modification of certain provisions of the Certificates (including modifying the Scheduled Dissolution Date, reducing or cancelling any amount payable in respect of the Certificates or altering the currency of payment of the Certificates or amending Condition 5 and certain covenants given by DIB in the Transaction Documents), the quorum shall be one or more Eligible Persons present holding or representing not less than two-thirds in the outstanding face amount of the Certificates, or at any adjourned such meeting one or more Eligible Persons present holding or representing not less than one-third in the outstanding face amount of the Certificates. The expression **Extraordinary Resolution** is defined in the Master Trust Deed to mean any of (i) a resolution passed at a meeting duly convened and held by a majority consisting of not less than 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in face amount of the Certificates or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Delegate) by or on behalf of not less than 75 per cent. in face amount of the Certificates for the time being outstanding.

- 18.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification (other than in respect of a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or an event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event shall not be treated as such if, in the opinion of the Delegate, (a) such modification is of a formal, minor or technical nature, (b) such modification is made to correct a manifest error or (c) such modification, waiver, authorisation or determination is not, in the opinion of the Delegate, materially prejudicial to the interests of the Certificateholders. No such direction or request will affect a previous consent, waiver, authorisation or determination.
- 18.3 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.
- 18.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 17.

## **19. INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE**

- 19.1 The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction as well as provisions entitling the Delegate to be paid its costs and expenses in priority to the claims of the Certificateholders.
- 19.2 Neither the Delegate nor the Trustee makes any representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of DIB under the Transaction Documents and

shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by DIB but are not so made and shall not in any circumstances have any liability arising from or in relation to the Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

- 19.3 Each of the Trustee and the Delegate is exempted from (i) any liability in respect of any loss or theft of the Trust Assets or any cash, (ii) any obligation to insure the Trust Assets or any cash and (iii) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default by the Trustee or the Delegate, as the case may be.
- 19.4 The Trust Deed also contains provisions pursuant to which the Delegate is entitled, *inter alia*, (a) to enter into business transactions with DIB and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to DIB and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **20. FURTHER ISSUES**

In respect of any Series, the Trustee may from time to time (but subject always to the provisions of the Master Trust Deed) without the consent of the Certificateholders create and issue additional Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any additional Certificates which are to form a single Series with the outstanding Certificates of a particular Series shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Certificates include (unless the context requires otherwise) any other Certificates issued pursuant to this Condition and forming a single Series with such Certificates.

## **21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **22. GOVERNING LAW AND DISPUTE RESOLUTION**

- 22.1 The Trust Deed, the Certificates and these Conditions (including the remaining provisions of this Condition 22) and any non-contractual obligations arising out of or in connection with the Trust Deed, the Certificates and these Conditions are governed by, and shall be construed in accordance with, English law.
- 22.2 Subject to Condition 22.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed, the Certificates and these Conditions (including any dispute as to their existence, validity, interpretation, performance, breach or termination of the Trust Deed, the Certificates and these Conditions or the consequences of the nullity of any of them or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the **LCIA**) (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:
- (a) the seat of arbitration shall be London;

- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

22.3 Notwithstanding Condition 22.2 above, the Delegate (or, but only where permitted to take action in accordance with the terms of the Trust Deed, any Certificateholder) may, in the alternative, and at its sole discretion, by notice in writing to the Trustee:

- (a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 22.4 and, subject as provided below, any arbitration commenced under Condition 22.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Trustee, failing which DIB), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Trustee must promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (b) his entitlement to be paid his proper fees and disbursements; and
- (c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

22.4 In the event that a notice pursuant to Condition 22.3 is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England or the courts of the Dubai International Financial Centre, at the option of the Delegate, shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and DIB submits to the exclusive jurisdiction of such courts;
- (b) each of the Trustee and DIB agrees that the courts of England or the courts of the Dubai International Financial Centre, at the option of the Delegate, are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (c) this Condition 22.4 is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (a) above, the Delegate and any Certificateholder (where permitted so to do) may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Delegate and the Certificateholders may take concurrent Proceedings in any number of jurisdictions.

22.5 Each of the Trustee and DIB has in the Trust Deed appointed Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London EC1A 4HD as its agent for service of process and has undertaken that, in the event of Maples and Calder ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any matter permitted by law.

- 22.6 Under the Trust Deed, DIB has agreed that, to the extent that it may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any Proceedings or Disputes. Further, DIB has irrevocably and unconditionally consented to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes.
- 22.7 Each of the Trustee, the Delegate and DIB has agreed in the Trust Deed that if any arbitration is commenced in relation to a Dispute and/or any Proceedings are brought by or on behalf of a party under the Trust Deed, it will:
- (a) not claim interest under, or in connection with, such arbitration and/or Proceedings; and
  - (b) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by an arbitrator as a result of such arbitration and/or by a court as a result of such Proceedings.

## **USE OF PROCEEDS**

The net proceeds of each Tranche of Certificates issued will be paid by the Trustee (as Purchaser) to the Seller for the purchase from the Seller of all of its rights, title, interests, benefits and entitlements in, to and under (in the case of the first Tranche of the relevant Series of Certificates) the relevant Initial Portfolio, and (in the case of any subsequent Tranche of such Series) the relevant Additional Portfolio.

## DESCRIPTION OF THE TRUSTEE

### General

DIB Sukuk Limited, a Cayman Islands exempted company with limited liability, was incorporated on 30 April 2012 under the Companies Law (2011 Revision) of the Cayman Islands with company registration number 268522. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.\$50,000 divided into 50,000 ordinary shares of U.S.\$1.00 par value each, 250 of which have been issued. All of the issued shares (the **Shares**) are fully-paid and are held by MaplesFS Limited as share trustee (the **Share Trustee**) under the terms of a trust deed (the **Share Trust Deed**) dated 10 May 2012 under which the Share Trustee holds the Shares in trust until the termination of the period commencing on 10 May 2012 and ending 149 years from such date or such earlier date as the trustees of the Share Declaration of Trust may determine (the **Termination Date**). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Trust Deed). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

### Business of the Trustee

The Trustee has no prior operating history or prior business other than in connection with the Certificates issued thus far under the Programme and will not have any substantial liabilities other than in connection with the Certificates issued and, to be issued, under the Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 30 April 2012.

### Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

### Directors of the Trustee

The Directors of the Trustee are as follows:

<u>Name:</u>	<u>Principal Occupation:</u>
Norbert Neijzen .....	Regional Head of Fiduciary, Middle East at Maples Fund Services (Middle East) Limited
Stacy Bodden .....	Vice President at MaplesFS Limited

The business address of Norbert Neijzen is Maples Fund Services (Middle East) Limited, Unit C 1407, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Stacy Bodden is MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.

## **The Trustee Administrator**

MaplesFS Limited acts as the administrator of the Trustee (in such capacity, the **Trustee Administrator**). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator has agreed to perform in the Cayman Islands or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Trustee Administrator has also entered into a registered office agreement (the **Registered Office Agreement**) for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Trustee Administrator receives various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Trustee Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency.

The Trustee Administrator is subject to the overview of the Trustee's Board of Directors.

The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Trustee Administrator (or an affiliate thereof). The Trustee has no employees and is not expected to have any employees in the future.

## SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and the other information contained in this Base Prospectus. The Financial Statements have been prepared in accordance with IFRS.

The following table sets forth selected consolidated financial information and business ratios for the Group as at and for each of 2020, 2019 and 2018. The statement of profit or loss data and statement of financial position data have been extracted from the Financial Statements or the Group's management accounts and have been presented in separate tables in AED and, for convenience only, in U.S. dollars.

Statement of profit or loss highlights	For the year ended 31 December		
	2020	2019	2018
		(AED millions)	
Income from Islamic financing and investing transactions .....	10,370	10,723	9,481
Total income .....	13,142	13,684	11,730
Impairment charges, net .....	4,552	1,764	833
Depositors' and sukuk holders' share of profit .....	3,672	4,418	3,528
Profit for the year before income tax expense .....	3,206	5,145	5,046
Net profit for the year .....	3,160	5,103	5,004
Net profit attributable to owners of the Bank .....	3,294	5,014	4,916

Statement of financial position highlights	As at 31 December		
	2020	2019	2018
		(AED millions)	
Total assets .....	289,556	231,796	223,682
Total liabilities .....	246,426	197,064	189,555
Total equity .....	43,130	34,732	34,127
Gross financing and investing assets and investments in bilateral sukuk <sup>(1)</sup> .....	210,892	160,213	153,685
Impaired financing and investing assets .....	12,061	6,225	5,030
Non-performing investing and financing assets .....	12,061	6,310	5,251
Collateral held relating to facilities individually determined to be impaired <sup>(2)</sup> .....	7,294	4,358	3,200
Provisions for impairment <sup>(3)</sup> .....	8,401	6,081	5,727
Customers' deposits .....	205,925	164,418	155,657

Statement of profit or loss highlights	For the year ended 31 December		
	2020	2019	2018
		(U.S.\$ millions)	
Income from Islamic financing and investing transactions .....	2,824	2,920	2,582
Total income .....	3,578	3,726	3,194
Impairment charges, net .....	1,239	480	227
Depositors' and sukuk holders' share of profit .....	1,000	1,203	961
Profit for the year before income tax expense .....	873	1,401	1,374
Net profit for the year .....	860	1,389	1,363
Net profit attributable to owners of the Bank .....	897	1,365	1,339

Statement of financial position highlights	As at 31 December		
	2020	2019	2018
		(U.S.\$ millions)	
Total assets .....	78,844	63,117	60,907
Total liabilities .....	67,100	53,659	51,615
Total equity .....	11,744	9,457	9,293
Gross financing and investing assets and investments in bilateral sukuk <sup>(1)</sup> .....	57,425	43,625	41,848
Impaired financing and investing assets .....	3,284	1,695	1,370
Non-performing investing and financing assets .....	3,284	1,718	1,430
Collateral held relating to facilities individually determined to be impaired <sup>(2)</sup> .....	1,986	1,187	871



Statement of financial position highlights	As at 31 December		
	2020	2019	2018
	(U.S.\$ millions)		
Provisions for impairment <sup>(3)</sup>	2,288	1,656	1,559
Customers' deposits	56,072	44,770	42,384

Key business ratios	As at and for the year ended 31 December		
	2020	2019	2018
	(%)		
Impaired ratio <sup>(6)</sup>	5.7	3.9	3.3
Non-performing asset ratio <sup>(6)</sup>	5.7	3.9	3.4
Provision coverage ratio <sup>(4)</sup>	76	101	112
Overall coverage ratio <sup>(5)</sup>	104	135	150
Total capital adequacy ratio <sup>(7)</sup>	18.5	16.5	17.5
Common Equity Tier 1 ratio	12.0	12.0	12.4
Return on equity <sup>(8)</sup>	10.4	17.0	18.1
Return on assets <sup>(9)</sup>	1.22	2.25	2.32
Net profit margin <sup>(10)</sup>	2.61	3.15	3.14
Financing /customer deposits <sup>(11)</sup>	96	92	93
Cost to income ratio <sup>(12)</sup>	29.4	26.9	28.3

Notes:

- (1) Includes total Islamic financing and investing assets amounting to AED 205,090 million (31 December 2020), AED 156,994 million (31 December 2019) and AED 150,466 million (31 December 2018) and investments in bilateral sukuk amounting to AED 5,802 million (31 December 2020), AED 3,219 million (31 December 2019) and AED 3,219 million (31 December 2018). See note 9.1 to the 2020 Financial Statements and note 9.1 to the 2019 Financial Statements.
- (2) See note 9.4 to each of the Financial Statements.
- (3) See note 9.1 to each of the Financial Statements.
- (4) Being the ratio of provision for impairment to non-performing investing and financing assets.
- (5) Being the ratio of the aggregate of provision for impairment and discounted value of collateral to non-performing investing and financing assets.
- (6) Impaired ratio is the ratio of impaired financing and investing assets (including POCI assets) to the aggregate of total financing and investing assets and investments in bilateral sukuk. The non-performing assets ratio is the ratio of sum of impaired assets, POCI assets and exposure which is past due beyond 90 days but not impaired to the aggregate of total financing and investing assets and investments in bilateral sukuk.
- (7) Calculated according to Central Bank methodology.
- (8) Being the ratio of net profit attributable to owners of the Bank to average equity, adjusted for estimated distribution (with average equity for each of 2020, 2019 and 2018 calculated as the sum of equity as at 31 December at the start of the relevant year plus equity as at 31 March, 20 June, 30 September and 31 December in the relevant year divided by five) and estimated distribution amounting to AED 1,445 million as at 31 December 2020, AED 2,529 million as at 31 December 2019 and AED 2,301 million as at 31 December 2018.
- (9) Being the ratio of net profit for the year to average total assets (with average total assets for each of 2020, 2019 and 2018 calculated as the sum of total assets as at 31 December at the start of the relevant year plus equity as at 31 March, 20 June, 30 September and 31 December in the relevant year divided by five).
- (10) Being the ratio of net funded income (income from Islamic financing and investing transactions less depositors and sukuk holders' share of profit) to average earning assets (aggregate of Islamic financing and investing assets, investment in Islamic sukuk measured at amortised cost, due from banks and financial institutions and international murabaha with Central Bank (as identified in note 7.1 to each of the Financial Statements)).
- (11) Being the ratio of net Islamic financing and investing assets to customers' deposits.
- (12) Being the ratio of total operating expenses to net income.

## DESCRIPTION OF THE GROUP

### OVERVIEW

DIB is the world's first full service Islamic bank and is one of the largest Islamic banks in the world, in terms of assets. As at 31 December 2020, the Group's total assets were AED 289,556 million (U.S.\$78,844 million). DIB was established in the Emirate of Dubai on 12 March 1975, with the objective of providing banking and other financial services tailored to adhere to the principles of Islamic Sharia.

The core business areas of the Group are Consumer Banking, Corporate Banking, Real Estate & Contracting Finance, Investment Banking and Treasury. The Group offers a wide range of Sharia-compliant retail and wholesale banking, treasury, investment banking and capital markets products and services to more than 3 million retail, corporate and institutional clients through a network of 65 branches across the UAE and more than 400 branches internationally across six countries outside the UAE. In addition to its main office and branches in Dubai, the Group operates across all the other Emirates of the UAE, namely Abu Dhabi, Ajman, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain. Outside the UAE, the Group has operations through subsidiaries in Pakistan and Kenya, and associates in Indonesia, Sudan and Bosnia. The Group also has a representative office in Turkey.

The head office of DIB is located on Al Maktoum Street, Deira, P.O. Box 1080, Dubai, UAE and its telephone number is +971 4 295 3000. DIB is regulated by the Central Bank. DIB's licence number, as set out in its commercial license and commercial registration certificate, is 208098.

The Group has received numerous awards in recent years in recognition of its leading position within the markets in which it operates, including:

- "Overall Best Islamic Bank", "UAE Deal of the Year", "Sovereign Deal of the Year", "Overall Deal of the Year", "Best Islamic Bank in Kenya" and Social Impact Deal of the Year", by Islamic Finance News in 2020.
- DIB ranked 16th amongst Top 100 Companies in the Middle East 2020 by Forbes Middle East 2020.
- "Best Sukuk Dealer" by The Collaborative Market Data (CMD) Portal Awards 2020.

### HISTORY

DIB was incorporated in 1975, in Dubai, by a decree issued by the then Ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum. In March 2000, DIB was registered as a public joint stock company under the Commercial Companies Law No. 8 of 1984 (which was replaced with UAE Federal Law No. 2 of 2015 regarding the Law of Commercial Companies, with effect from 1 July 2015).

In 1998, following the discovery of a significant fraud, the Government of Dubai enhanced its shareholding to become DIB's largest shareholder (increasing its stake from 6 per cent. to 30 per cent.). DIB subsequently recruited a number of professional managers from international and large local financial institutions to improve its management and processes. As at 31 December 2020, the Government of Dubai's direct and indirect stake in DIB was 25.82 per cent.

In 2001, the Group acquired a 27.3 per cent. stake in Bosna Bank, the first Sharia-compliant bank in Europe, which was established in 2000.

As part of its then current strategy to expand in select niche Islamic markets in the Middle East, Africa and Asia, the Group acquired a 60 per cent. stake in the Bank of Khartoum (**BoK**) in 2005, one of the largest banks in Sudan (measured by the number of branches and ATMs), which stake was subsequently reduced to 52.3 per cent. in 2006 and further reduced to 28.4 per cent. in 2008. As at 30 September 2020, the Group's stake in BoK stood at 29.5 per cent.

Following approval obtained in January 2005 from the Banking Regulation & Supervision Agency in Turkey, the Group established a representative office in Turkey in April 2005 to assist in marketing and promoting the

Group's business in Turkey. Since its establishment, the representative office has been referring new customers and transactions to various business groups within the Group.

In 2006, the Group established DIB Pakistan Ltd (**DIB Pakistan**), a 100 per cent. owned subsidiary, to offer Islamic banking services in Pakistan.

In addition to the above, the Group has incorporated several subsidiaries in real estate development (including, Deyaar Development P.J.S.C. (**Deyaar Development**) in 2002 in which it had a 44.9 per cent. shareholding as at 31 December 2020 and which is a fully consolidated subsidiary) and other related financial services companies and Dar Al Sharia Islamic Finance Consultancy LLC (**Dar Al Sharia**) in 2007.

In November 2010, the Group increased its stake in Tamweel to 58.3 per cent. to acquire a controlling interest in the company. In 2013 and 2015, the Group increased its shareholding to 86.5 per cent. and 92.0 per cent., respectively, through tender offers made to minority shareholders. The Group's shareholding in Tamweel stood at 92.0 per cent. as at 31 December 2020.

In May 2014, the Group acquired a 24.9 per cent. stake in PT Bank Panin Dubai Syariah Tbk (**Bank Panin Syariah**) of Indonesia. In 2015, the Group increased its shareholding to 38.3 per cent. in Bank Panin Syariah and, as at 31 December 2020, its shareholding was 25.1 per cent.

In April 2017, the Group obtained a banking licence from the Central Bank of Kenya to operate its wholly-owned subsidiary, DIB Bank Kenya Ltd. (**DIB Bank of Kenya**), which commenced commercial operations on 5 June 2017.

In January 2020, the Group completed the acquisition of 99.999 per cent. of Noor Bank through a share swap which led to DIB issuing 651,159,198 new shares to increase its issued share capital from 6,589,585,179 shares to 7,240,744,377 shares. All relevant approvals from all competent regulatory authorities have been obtained and the operations of Noor Bank have been fully integrated with those of the Group. During September 2020, the remaining minority percentage shareholding in Noor Bank was acquired it became a wholly-owned subsidiary of DIB.

## STRATEGY

DIB's primary objective is to maintain its position as the leading Islamic financial institution in the Middle East region as well as in other selected strategic markets. DIB defines its strategic objectives within a two - three year rolling period, which allows it to refine its long-term strategy and develop short-term specific strategic and business goals.

During the early 2000s, the Group had expanded its strategy from being primarily a retail bank into providing Sharia-compliant solutions to major corporates as well. This was also a period in which the Group saw a qualitative jump in the services being offered as a result of upgrading its computer systems and the introduction of internet services. The mid-2000s saw DIB venturing into new international markets such as Pakistan and Sudan and launching the Sharia consultancy firm (Dar Al Sharia) and the DIB Foundation. When the global crisis began, DIB decided to focus on growth within the retail sector and began to run-off its corporate real estate finance portfolio in order to protect itself from the downturn in the UAE real estate sector. During this decade, DIB saw its total assets increase from AED 11.7 billion (U.S.\$3.2 billion) in 2000 to AED 90.1 billion (U.S.\$24.5 billion) by the end of 2010.

Following a consolidation exercise between 2009 and 2013 and the appointment of a new Group chief executive officer (**CEO**) in mid-2013, who had previously served as Deputy CEO, the Group embarked on a new "growth" strategy from 2014 to 2018, which aimed at redefining the way the Group operated its business, positioning it as a global leader in the world of Islamic finance.

Subsequent to the successful acquisition of Noor Bank and the significant global events that unfolded in 2020, DIB redefined its position and purpose at the start of 2021 to adapt to the changing environment. #ReadyForTheNew was launched to equip DIB's customers for a new era of banking and experience. ICARE forms the foundation of DIB's core values, which emphasise simplicity and convenience whilst prioritising

customers and clients. The Group continues to focus on playing a part in promoting the Islamic finance sector as well as the growth agenda of Dubai and the UAE.

The Group's current strategic plan includes the following initiatives and goals:

- “PING”, which translates into “Protect, Innovate, Nurture leading to Growth”. PING aims to strengthen customer experience and relationships driven by continued enhancements of customer digital journeys and operational efficiencies. It also aims to strongly safeguard customer data and privacy against potential increased cyber market vulnerabilities as people, customers and businesses shift towards operating more in the digital environment.
- With increased global and business risk, DIB continues to exercise prudence in the growth of its balance sheet and has shifted its strategy towards targeting low risk sectors and ensuring that the business continues to achieve more sustainable profit growth in the years to come. Protecting the quality of its assets aligns to this strategic shift and remains a top priority and in addition to ensuring that DIB's capital and liquidity remains healthy.
- Further, the Group intends to expand its geographic footprint through acquisitions, establishing subsidiaries and branches, pursuing strategic partnerships and/or co-operation agreements with local partners in Asia, Africa and the Gulf.

The Group's strategy is continually monitored and reviewed by its management and is formally approved by the Board. The Balance Scorecard (**BSC**) approach is used to integrate the strategic plans into individual and departmental goals, and helps the Group manage and monitor its performance.

The BSC enables the Group to identify goals, manage and measure performance, and report on achievements with respect to the priorities of each key stakeholder group. The Group implements quantitative measures wherever feasible, but tracks both qualitative and quantitative indicators of performance in terms of both financial and non-financial outcomes. The BSC framework forms an integral part of the Group's performance management system.

## **COMPETITION AND COMPETITIVE ADVANTAGES**

The Group faces competition from both Islamic and conventional banks operating in the UAE. Within its investment banking and capital market activities, DIB also competes with major international banks and investment firms for transaction mandates.

DIB believes that the Group enjoys a number of key competitive advantages, including the following:

### **Strong and trusted brand**

DIB believes that the Group has a strong and trusted brand. Management believes that the Group's market position and strong brand recognition reflect the Group's focus on high-quality customer service (see below), its established track record in both consumer and wholesale banking, its targeted marketing to consumers and its involvement in a number of the UAE's most prominent infrastructure and other development projects. In 2016, DIB revealed its new identity built around its vision as a progressive and innovative player and the modern face of Islamic banking and finance.

### **Established track record and knowhow**

As the first Islamic bank in the UAE, the Group has a proven track record in developing and offering Islamic finance products to meet the increasingly sophisticated needs of its customers.

### **Innovative and extensive product range**

The Group endeavours to provide its customers with a wide range of innovative products, which allows it to meet their diversified and sophisticated needs. DIB believes that the Group is able to offer its customer base

all of the banking products that they may require and, accordingly, that there is little need for them to approach the Group's competitors for alternative products.

### **Sharia-compliance credibility**

DIB maintains a highly reputed Fatwa and Sharia Supervisory Board (the **Sharia Board**). DIB aims for high levels of Sharia compliance by offering all its products and services in strict conformity with the parameters approved by the Sharia Board. This helps to ensure that DIB's reputation as a premier Islamic bank is maintained at all times.

### **Stable funding base**

The Group has a diversified deposit base that includes retail and corporate customers, government bodies and public sector agencies which, taken together, are regarded by the Group as a relatively stable and a low cost source of funding.

### **Strong financial performance**

The Group has consistently benefitted from strong financial performance and robust financial metrics (see "*Selected Financial Information*" for further information).

### **Quality of service and speed of response time**

DIB believes that the high quality of customer service which the Group provides distinguishes the Group from its principal competitors. Employees are trained regularly in managing clients, new products and market developments so as to provide a better service to clients and to enable new products and services to be introduced to the market. Furthermore, the Group continues to make further enhancements to its systems and platforms in order to provide clients with a more seamless experience.

### **Experienced and committed management**

The majority of DIB's senior management team have been with DIB for several years and, prior to joining DIB have had many years of regional and global experience with other leading international banks. The team has considerable experience in the Islamic finance industry and knowledge of the requirements relating to the operation of Islamic finance institutions, see "*Management and Employees*" below.

### **Strength in staff training**

The Group provides regular and comprehensive training to staff at all levels to enable them to improve their skills. This is done through a dedicated training division within the Group. The Group regularly sends its staff on courses, conferences and workshops on Islamic banking products to ensure that they are well informed about international and regional developments.

### **Systematic approach to developing strategy**

The Group adopts a systematic approach in developing its strategy through comprehensive analyses of the domestic and international macroeconomic and business environments and aligning its strategy with any major trends identified. This formalised approach is then used to link the overall strategic plan and agenda to the BSC performance management system (which is the primary tool used to measure individual and departmental performance) and thus to ensure that the Group meets its short-, medium- and long-term strategic objectives.

### **Links with the Government of Dubai**

DIB has a good relationship with the Government of Dubai which enables it to be at the forefront of the ongoing financing of the development of Dubai.

## **Links with the community**

DIB has always maintained strong links with the local community and intends to continue to promote the development of society in the UAE. It sees this as an important feature in enhancing its position as a premier Islamic bank. For example, it has been active in promoting "Emiratisation", the process of employing and nurturing UAE nationals with a view to encouraging them to participate in and improve the economy of the UAE.

## **SHAREHOLDERS AND CAPITAL STRUCTURE**

### **Shareholders**

As at 31 December 2020, the Government of Dubai held directly and indirectly 25.82 per cent., directly or indirectly, of the share capital of DIB and Saeed Ahmed Lootah held 6.5 per cent. DIB is not aware of any other significant holdings in its shares. DIB's articles of association provide that no single shareholder other than the Government of Dubai is entitled to own more than 10 per cent. of the share capital of DIB.

The Government of Dubai's shareholding is held through Investment Corporation of Dubai (**ICD**). The Chairman of DIB is a representative of ICD and the other members of the Board are independent of ICD. Decisions are made by voting whereby each board member, including the Chairman, has an equal vote. Some of the key corporate governance functions have been delegated to board committees such as the Board Credit & Investment Committee, Board Audit Committee, Board Risk Management Committee and Board Remuneration Committee. The Chairman is not represented in any of these committees and each of these committees acts independently.

### **Capital structure**

On 21 February 2018, the shareholders at DIB's annual general meeting approved an increase in the paid-up capital of DIB, up to a maximum amount of AED 1,647,396,295 through a rights issue of up to 1,647,396,295 shares of AED 1 each at a premium of AED 2.11 per share. In June 2018, DIB completed the process of allocation of these shares and the shares were subsequently listed on the Dubai Financial Market (the **DFM**) after obtaining all required regulatory approvals on 14 June 2018. As a result of this issuance, DIB's paid-up share capital increased from AED 4.9 billion to AED 6.6 billion. During 2020, DIB issued 651,159,198 new shares in consideration for the acquisition of Noor Bank, bringing its paid up share capital to AED 7.2 billion (U.S.\$2.0 billion) as at 31 December 2020. DIB's shares have been listed on the DFM since March 2000.

Pursuant to DIB's articles of association, the maximum foreign ownership level in DIB has been increased from 25 per cent. to 40 per cent. The implementation of this increase is yet to be executed in the DFM.

See "*Capital Adequacy*" below for a description of the Group's capital adequacy ratios as at 31 December 2020, 31 December 2019 and 31 December 2018.

## **BUSINESS ACTIVITIES**

### **Business and reporting segments**

The principal activities of the Group are focused around five core business areas: (i) Consumer Banking; (ii) Corporate Banking; (iii) Real Estate & Contracting Finance; (iv) Investment Banking; and (v) Treasury.

For accounting purposes, the Group divides its business into the following primary reporting segments: (a) consumer banking (which reflects the consumer banking and home finance business lines); (b) corporate banking (which reflects the corporate banking, institutional and contracting finance business lines); (c) real estate development (which reflects real estate investment by subsidiaries such as Deyaar Development); (d) treasury (which reflects the treasury-related business line); and (e) others (comprising the Group's investments (which includes subsidiaries not specifically allocated to other segments), certain investment banking activities and unallocated internal assets and liabilities of the Group which are not related to those of its external customers).

The table below shows a breakdown of certain statement of profit or loss information for each of the Group's reporting segments for each of the years ended 31 December 2020, 31 December 2019 and 31 December 2018. In 2020, the Group changed the presentation of its segmental reporting and the figures for each of 2019 and 2018 have been amended to reflect that change as well as, in 2018, to reflect certain changes in segmentation practice made in 2019.

	<b>Consumer banking</b>	<b>Corporate banking</b>	<b>Treasury</b> (AED millions)	<b>Real estate development</b>	<b>Others</b>
<b>2020</b>					
Net operating revenue.....	3,910	3,202	1,557	194	608
Operating expenses.....	(1,292)	(585)	(131)	(187)	(532)
<b>Net operating income.....</b>	<b>2,618</b>	<b>2,617</b>	<b>1,426</b>	<b>7</b>	<b>76</b>
<b>2019</b>					
Net operating revenue.....	3,490	3,428	969	253	1,128
Operating expenses.....	(1,116)	(472)	(97)	(165)	(508)
<b>Net operating income.....</b>	<b>2,374</b>	<b>2,955</b>	<b>872</b>	<b>88</b>	<b>620</b>
<b>2018</b>					
Net operating revenue.....	3,230	3,206	661	262	843
Operating expenses.....	(1,128)	(490)	(76)	(157)	(470)
<b>Net operating income.....</b>	<b>2,102</b>	<b>2,716</b>	<b>584</b>	<b>105</b>	<b>373</b>

The table below shows a breakdown of certain statement of financial position information for each of the Group's reporting segments as at 31 December 2020, 31 December 2019 and 31 December 2018. In 2019, the Group made certain changes in segmentation practice and the figures for 2018 have been amended to reflect that change.

	<b>Consumer banking</b>	<b>Corporate banking</b>	<b>Treasury</b> (AED millions)	<b>Real estate development</b>	<b>Others</b>
<b>As at 31 December 2020</b>					
Segment assets.....	49,490	145,728	39,408	5,478	49,453
Segment liabilities .....	90,953	115,430	3,044	1,072	35,928
<b>As at 31 December 2019</b>					
Segment assets.....	38,765	112,502	35,967	6,010	38,552
Segment liabilities .....	72,974	93,864	1,120	1,215	27,890
<b>As at 31 December 2018</b>					
Segment assets.....	36,577	107,308	33,637	5,836	40,324
Segment liabilities .....	68,867	89,828	828	1,307	28,726

## Consumer Banking

Consumer Banking is the largest business segment within the Group in terms of net operating income as at 31 December 2020. The Group offers its retail and business banking services through a network of 65 branches spread across all of the Emirates, more than 600 automated teller machines (ATMs) and 150 cash deposit machines (CDMs) across the UAE (each as at the date of this Base Prospectus) as well as through online and phone banking services (including mobile banking).

The Group offers customers a broad range of retail products and services, including:

- **Auto finance**

The Group's auto finance product finances vehicle purchasing for individuals and businesses in a Sharia-compliant manner. The Group has established itself as one of the leading providers of auto financing in the UAE.

- ***Sharia-compliant cards***

In pursuit of its strategy of growth through key strategic alliances, the Group has continued to expand its product offerings through the expansion of its Sharia-compliant cards product portfolio.

In July 2018, DIB launched co-branded credit cards with Emirates. This partnership allows customers to earn Skywards Miles from Emirates on their card usage and redeem the miles for services from Emirates, including, travel insurance, Emirates silver status and lounge access. In addition, DIB went live with Samsung Pay in October 2018 and with Apple Pay in September 2019 to enhance its mobile payments and digital wallet services.

- ***Personal finance***

The Group's personal finance product was launched in December 2005 to cater to the personal financing needs of individuals, and was originally provided in the form of *murabaha* and *ijara* products to cater to all personal financing needs of customers. In 2010, the Group launched *Al Islami Salam Finance*, which provides customers with an upfront cash payment. The product is based on a fixed price sale contract whereby the customer gets the full price as a cash payment upfront and delivers the relevant goods on a deferred basis.

- ***Retail home finance***

As the leading home finance provider for both residential and commercial properties in the UAE, DIB's Home Finance provides the most comprehensive, unique and transparent offering across all seven Emirates. Customers can avail home finance for both freehold and non-freehold properties and can finance either ready or under-construction properties as well as obtain financing to self-construct their properties by themselves or through tie-ups with Government housing schemes.

- ***SME Business Solutions***

In December 2012, the Group launched its "SME Business Solutions" suite of Sharia-compliant products and services specifically developed to support the growth of small- and medium-sized enterprises. The solutions offered are based on a combination of *Murabaha* and *Salam*-based structures.

- ***Investment funds***

The Group offers a range of Sharia-compliant investment products to suit its clients' investing needs across various asset classes, including cash, commodities, fixed income securities and equities. Along with structures developed in-house, the Group has also partnered with leading investment houses to provide a range of investment choices with varied currencies and maturities, exposures to different markets and capital protection options.

- ***IPO/capital markets subscription services***

The Group offers subscription services on selected IPOs. The Group provides this service to companies approved for investment in accordance with Sharia law.

- ***Wajaha private banking***

Wealth management services are provided through four exclusive *Wajaha* centres in Abu Dhabi, Al Ain, Dubai and Sharjah. These centres offer personal relationship managers, financial planning services and tailor-made products, as well as offering a number of other benefits which are exclusive to the Group's *Wajaha* clients, including international concierge services, travel insurance, ticket exchange and travel desk and cash services.



- ***Ayaan exclusive banking***

*Ayaan* exclusive banking targets high net worth customers, catering to their specific investment and financial needs. There are 19 *Ayaan* centres located across the UAE.

- ***Additional retail segments***

Consumer Banking also has additional business segments (broadly based on customer deposits) named *Mumayyaz* (effectively the upper mass segment), the mass segment and the lower mass segment. Specific offerings have been developed to cater to these segments.

In addition to its 65 branches in the UAE, the Group also offers self-service electronic delivery channels such as online banking, phone banking, mobile application and e-branches:

- ***Online and phone banking***

The Group offers online and mobile telephone banking facilities, giving customers greater flexibility to deal with their accounts through a range of account enquiry and payment services. In 2015, the DIB mobile app was launched with over 90 services in dual language. The app is integrated with advanced customer-centric technologies. In 2018, both the online and phone banking offerings were significantly upgraded to provide customers with additional services and greater ease of use.

- ***e-branches***

In the Group's virtual branches, customers can utilise banking services such as ATMs, CDMs and instant cheque deposits, and an "internet kiosk" for secure online banking and phone banking which connects them to customer service agents. In addition, customers can make requests for manager cheques, demand drafts, SWIFT transfers, the issue of new cheque books, the re-issue of ATM cards, e-statement registrations, SMS banking registrations and applications for pre-designated fund transfers. The Group's e-branches also offer instant approvals for auto finance, personal finance and credit cards.

## **Corporate Banking**

Corporate Banking is the second largest business segment within the Group in terms of net operating income as at 31 December 2020. The Group offers a range of Sharia-compliant solutions to its corporate clients in the UAE, the GCC and in other niche markets. Corporate Banking comprises the following teams (which are organised on both a geographical and product-specific basis):

- private sector (Dubai, Jebel Ali and Northern Emirates), which supports the Group's corporate clients based in and around Dubai and the Northern Emirates;
- public sector (Dubai region and Northern Emirates), which supports the Group's public sector clients based in and around Dubai and the Northern Emirates;
- corporate banking unit (Abu Dhabi), which supports and manages business from clients based in Abu Dhabi as well as adjoining areas and cities in the southern and eastern region (including Al Ain); and
- transaction banking unit, which provides specialist product advice (through the Ahlan Banking Service) to cater for clients' daily banking needs and handles customer queries, auto faxing and electronic reporting. Internet banking solutions for cash management and trade finance are also available on the Al Islamic connect platform.

The Group believes that the strengths of Corporate Banking are:

- its in-depth specialisation within the UAE and GCC sectors;
- its deep understanding of its customers' businesses;

- the comprehensive and innovative range of services and strategic, solution-driven capabilities offered to its corporate clients (see below); and
- innovative financial solutions covering corporate finance, investment banking, capital markets and syndications products, project finance, trade and commodity finance, treasury and corporate banking, international banking services and securities.

The Group has designed and implemented a range of modern, Islamic financing instruments which are intended to meet the needs of its corporate clients. The products offered by Corporate Banking include goods financing and specific Islamic financing products such as *Ijara* financing, *Mudaraba* financing and *Wakala/Wakala Murabaha* financing to cater to its clients' trade, working capital and medium- to long-term financing requirements. The categories of products and services offered by Corporate Banking are:

- financial products and solutions, which include *Murabaha*, *Mudaraba* and *Musharaka* products tailored to the needs of the Group's wholesale banking customers;
- trade finance services, which provides an extensive range of trade-related services covering sectors such as manufacturing, services, construction, retail and transportation; and
- Transaction Banking Solutions, covering the cash management and trade products described below to address the needs of the Group's corporate customers across the working capital cycle. Value addition from these products is achieved through increased profitability, process efficiencies, risk mitigation and enhanced controls:
  - liquidity and investment management (including a separate institutional liabilities unit with dedicated relationship managers);
  - payments and collections (delivered through electronic and physical channels with a focus on customised solutions such as escrow and structured receivables management);
  - information services (customised integrated enterprise resource planning (ERP) solutions and an online platform, Al Islami Connect, to perform online account management, electronic payments and generate reports);
  - trade services (a full range of import and export services as well as structured solutions); and
  - the Ahlan Banking Service, a dedicated customer service unit to handle all day to day operating account transactions.

Corporate Banking manages various relationships (including middle market, contracting finance and real estate finance companies) and is instrumental in leveraging its client relationships to cross-sell other products offered by the Group, including investment banking and treasury services.

## **Real Estate & Contracting Finance**

### ***Real estate finance***

Historically, the Group has been one of the leading providers of real estate finance services in the UAE. The Group played a significant role in supporting corporate real estate developments, including the construction of commercial property and residential estates. The real estate finance group is managed by a specialist team with extensive experience in this field.

Standard Islamic financing products offered include *Istisna* financing, *Murabaha* acquisition finance, diminishing *Musharaka* and *Ijara* lease financing.

### ***Contracting finance***

The contracting finance group provides financing to contractors executing building, electrical and mechanical infrastructure works across a range of sectors (including the oil, gas, power and water sectors). The contracting

finance group's customer base includes local, regional and international construction groups, and the contracting finance group has supported its customers in executing many prestigious projects within the UAE and regionally in the GCC and in many other Arab countries.

The product range offered by the contracting finance group includes Islamic financing products such as *Mudaraba*, *Murabaha*, *Ijara*, letters of guarantee and letters of credit (LCs). DIB believes that the Group's large underwriting capability and its close association with other local and international banks allows it to support the majority of its clients' projects.

## **Investment Banking**

Investment Banking is a leading regional and global player in the Islamic finance markets, assisting its clients, which include sovereigns, government-related entities, corporates and financial institutions, with every aspect of their funding requirements.

Investment Banking's dedicated professionals provide innovative Sharia-compliant capital raising and structured financing solutions in line with evolving customer requirements and market conditions. Its diversified product suite includes a wide range with particular focus on sukuk structuring and execution and syndicated and club financing transactions that are configured and documented in accordance with the principles of Sharia. Investment Banking also offers a comprehensive suite of structured finance services, such as mezzanine and structured equity, asset monetisation, leveraged recapitalisation and advisory.

Investment Banking has pioneered the Islamic debt capital markets and has been involved in the capacity of joint lead manager and bookrunner in most of the landmark international sukuk issuances, with DIB consistently ranking within the top five globally in the Bloomberg sukuk league tables. DIB has also been a leading significant player in the syndicated financing market, acting as mandated lead arranger and bookrunner to work closely with local and international banks.

## **Treasury**

Treasury forms an essential part of the Group's commitment to the Sharia-compliant investment banking industry. Treasury offers a comprehensive range of products backed by the Group's expert understanding of local and international markets. Treasury works closely with Corporate Banking and Consumer Banking and also engages in Islamic derivatives business. Its principal customers are the Group's corporate customers, financial institutions, high net worth individuals, SME companies and similar businesses. The products offered to these customers include: plain vanilla currency contracts, flexible delivery currency contracts, profit-enhanced products, multi-currency hedging instruments and other bespoke Sharia-compliant financial solutions.

Treasury is also responsible for building and maintaining relationships with the financial institutions sector across the globe in order to assist with smooth trade inflows and outflows. Relations range from authenticated communication links by way of SWIFT RMA to trade, treasury and account maintenance in different currencies. The Group's network of correspondent banks comprises leading financial institutions which provide trade services, which are intended to add value and service to the Group's branches and business units. The Group's correspondent banks offer one or more of the following services: remittance and payments, advisory and confirmations.

Treasury also manages the Group's liquidity requirements, sukuk investment portfolio and funding through the capital markets, and acts under the supervision of the Asset and Liability Management Committee (ALCO). Asset and liability management is conducted by Treasury in accordance with Central Bank liquidity ratios. Treasury is also responsible for the implementation of risk management initiatives as directed by ALCO.

## **SUBSIDIARIES AND ASSOCIATES**

As at 31 December 2020, the Group had 20 consolidated material subsidiaries (and 17 special purpose vehicles) details of which are set out in note 17 to the 2020 Financial Statements. As at 31 December 2020,

the Group also had nine significant associates and joint ventures. Of these, the Group considers the following to be its most important subsidiaries and associates in terms of revenue and future growth potential:

### **Tamweel P.S.C.**

Tamweel was established in Dubai in November 2000 and is the specialist mortgage financing institution for the Group. Tamweel's core business is the provision of Sharia-compliant home financing solutions to real estate buyers in the UAE. Tamweel is licensed by the Central Bank to operate as an Islamic finance company. As at 31 December 2020, the Group owned 92.0 per cent. of the share capital in Tamweel.

### **DIB Pakistan**

DIB Pakistan was incorporated as a wholly-owned subsidiary of the Group in 2006. It currently has 256 branches and express centres in 68 cities across Pakistan. DIB Pakistan's team comprises experienced professionals with previous experience at leading banks (situated within and outside Pakistan). DIB Pakistan offers a full range of Sharia-compliant banking products in consumer banking, corporate and investment banking and wealth management. DIB Pakistan had share capital of Pakistani Rupee (**PR**) 11,652 million (U.S.\$70 million) as at 30 September 2020. As at 30 September 2020, DIB Pakistan's net assets were PR 23,598 million (U.S.\$142 million) compared to PR 22,163 million (U.S.\$143 million) as at 31 December 2019. For the nine months ended 30 September 2020, DIB Pakistan's profit after taxation was PR 2,499 million (U.S.\$15 million) compared to its profit after taxation of PR 2,301 million (U.S.\$15 million) for the nine months ended 30 September 2019. For the purposes of this paragraph: (i) DIB Pakistan's financial information has been extracted from the unaudited financial statements of DIB Pakistan as at and for the nine months ended 30 September 2020 (which are available on its website at <https://www.dibpak.com/index.php/financials/>); and (ii) PR amounts have been converted into U.S. dollars based on the closing rates on dates stated.

### **Deyaar Development**

Deyaar Development was incorporated as a wholly-owned subsidiary of the Group in 2002 and engages in real estate development and property management business in the UAE. As at 31 December 2020, the Group owned 44.9 per cent. of the share capital in Deyaar Development (which is a fully consolidated subsidiary). As at 30 September 2020, Deyaar Development's total assets were AED 5,768 million (U.S.\$1,571 million) compared to AED 6,241 million (U.S.\$1,699 million) as at 31 December 2019. For the nine months ended 30 September 2020, Deyaar Development's profit before taxation was AED 13 million (U.S.\$4 million) compared to AED 53 million (U.S.\$14 million) for the nine months ended 30 September 2019. Deyaar Development's authorised and paid up capital was AED 5,778 million (U.S.\$1,573 million) as at 30 September 2020. For the purposes of this paragraph, Deyaar Development's financial information has been extracted from the unaudited consolidated financial statements of Deyaar Development as at and for the nine months ended 30 September 2020 (which are available on its website at <https://www.deyaar.ae/en/financial-results>).

### **Dar Al Sharia Islamic Finance Consultancy LLC**

Dar Al Sharia was incorporated as a subsidiary of the Group in 2007 and has expertise in all types of Sharia advisory, certification, product structuring, restructuring and documentation, conversion of conventional financial institutions as well as providing a full range of products for new Islamic financial institutions and specialising in the structuring and documentation of Sukuk, Islamic syndications and Islamic funds to the market in general (see "*Fatwa and Sharia Supervisory Board*" below). As at 31 December 2020, the Group owned 60 per cent. of the issued share capital of Dar Al Sharia.

### **Bank Panin Syariah**

The core principle behind the Group's growth strategy in key strategic international markets is to connect East Asia and South Asia with East Africa through Dubai. In accordance with this principle, known internally as 'PIK', which stands for 'Pakistan, Indonesia, Kenya', the Group has established hubs in Pakistan, Indonesia and Kenya and is looking to strengthen these hubs in the coming years and connect them to other regions and countries that fall within the PIK triangle.

As part of the PIK strategy, the Group acquired a 24.9 per cent. stake in Bank Panin Syariah in May 2014 which, as at 31 December 2020, was 25.1 per cent. The Group provides technical assistance to Bank Panin Syariah in a bid to increase Sharia banking in Indonesia through the introduction of new and innovative products and services. As at 31 December 2020, Bank Panin Syariah operates through a network of 12 branches and 24 Sharia bank services at conventional bank branches (with its head office located at Panin Life Center Building, Jakarta, Indonesia) that offer Islamic banking services in the country.

## **DIB Bank Kenya**

As part of the PIK strategy, the Group obtained an 'in principal' approval from the Central Bank of Kenya in December 2014 to establish a Sharia-compliant bank in Kenya, and accordingly, expand its business to cover East Africa. In April 2017, the Group obtained a banking licence from the Central Bank of Kenya to operate DIB Bank Kenya as a wholly-owned subsidiary and DIB Bank Kenya commenced commercial operations on 5 June 2017. DIB Bank Kenya offers an extensive range of Sharia-compliant products and services. With its head office in Nairobi, DIB Bank Kenya operates through a network of five branches in Kenya; three in Nairobi and two in Mombasa.

## **ACQUISITION AND INTEGRATION OF NOOR BANK**

Following all regulatory and shareholder approvals, the integration of Noor Bank commenced in early 2020 with the establishment of the Integration Management Office to drive the execution of the acquisition. A robust governance framework focused on minimal customer and market impact were the key principles of the integration project. An operational structure was established to constantly monitor the progress of key milestones and project timelines which was driven by various key work-streams leads. Key activities included systems and product gap analysis of the technological platforms for both institutions.

In line with regulatory requirements, a structured customer communication process was initiated during the early stages to convey information to Noor Bank customers, both retail and corporate, on the acquisition and next steps in relation to their banking relationship and on-boarding journey within the Group. This included dispatching of welcome letters with new DIB cards to Noor Bank debit and credit card customers as well as creating a dedicated webpage within DIB's website for Noor Bank customers.

The entire integration was achieved ahead of the targeted schedule as the majority of the teams involved worked remotely due to COVID-19 restrictions. As at the end of October 2020, Noor Bank was fully integrated within the Group and all banking relationships had been successfully migrated into DIB.

The table below shows the fair value of the major identifiable assets and liabilities of Noor Bank as at 8 January 2020, the date when DIB assumed control of Noor Bank.

<b>Assets</b>	<i>(AED millions)</i>
Islamic financing and investing assets .....	30,686
Cash and balances with Central Bank .....	5,772
Investments in Islamic sukuk and equity instruments .....	4,329
Due from banks and financial institutions .....	3,868
<b>Liabilities</b>	
Customers' deposits .....	35,288
Sukuk issued .....	3,760

In the year ended 31 December 2020, revenue of AED 1,418 million and net profit of AED 317 million was attributable to Noor Bank.

The acquisition of Noor Bank resulted in a bargain purchase gain of AED 1,015 million being recorded in the Group's consolidated statement of profit or loss for the year ended 31 December 2020.

## IMPACT OF COVID-19

DIB's strategic response to COVID-19 has focussed on protecting its franchise through preserving the Group's asset quality, concentrating on low-risk assets and sectors and maximising the integration synergies following its acquisition of Noor Bank. DIB has shifted its focus towards sovereign-backed transactions which would typically be quasi-government or government-related entities. This shift in strategy is to ensure that the risk profile is appropriately managed while protecting DIB's franchise.

In relation to its retail customers, DIB has, with effect from 15 March 2020 and based on eligibility, implemented special finance postponement schemes as well as waivers and benefits on various consumer products. It has also encouraged its retail customers to use contactless payments and the wide range of banking services available through DIB Online Banking and DIB's mobile app. DIB has also sought to keep its retail customers informed through regular updates through DIB's digital channels such as SMS, e-mails, social media and telephone banking.

In relation to its SME and corporate customers, DIB has with effect from 15 March 2020 and based on eligibility, offered deferment of finance with no additional charges for existing customers, introduced low profit rates, reduced processing fees and simplified documentation processes. It has also sought to facilitate clients in managing their operations through digital channels.

In addition, DIB has provided relief measures of nearly AED 8.8 billion across more than 54,000 customers as part of the Central Bank's TESS programme. See further, note 49 to the 2020 Financial Statements.

In relation to its staff who are not working remotely, DIB has implemented social distancing guidelines, encouraged flexible working hours, relocated staff and installed acrylic sheets on work stations where social distancing is a challenge, protected touchpoints through thorough sanitisation of offices, branches and ATM spots, deployed hand sanitisers in all locations and implemented temperature scanning at all DIB sites. DIB also seeks to keep its staff educated on precautionary actions through regular email and on-site posters.

In relation to its community, DIB announced the largest contribution, of AED 120 million, in the UAE to the Community Solidarity Fund Against Covid-19. This represents its commitment to supporting all national humanitarian initiatives. DIB has established a crisis management team to monitor the COVID-19 situation in the UAE and it continues to circulate inspiring and uplifting messages across various social media channels.

## ISLAMIC FINANCING AND INVESTING ASSETS

The table below shows a breakdown of the Group's gross Islamic financing and investing assets by product type as at 31 December in each of 2020, 2019 and 2018.

	As at 31 December					
	2020		2019		2018	
	(AED millions)	%	(AED millions)	%	(AED millions)	%
<b>Islamic financing assets</b>						
International murabaha (long term) .....	49,226	25	27,174	18	23,926	17
Vehicles murabaha .....	8,739	4	8,800	6	9,193	6
Other murabaha .....	6,356	3	4,448	3	5,041	3
<b>Total murabaha .....</b>	<b>64,321</b>	<b>33</b>	<b>40,423</b>	<b>27</b>	<b>38,160</b>	<b>26</b>
Istisna'a .....	874	0	1,090	1	1,188	1
Ijara .....	59,620	30	52,259	35	52,905	37
Home finance – Ijara .....	20,770	11	14,358	10	13,274	9
Islamic credit cards .....	1,954	1	1,492	1	1,202	1
Personal finance .....	20,694	11	18,795	12	17,780	12
	<b>168,232</b>	<b>86</b>	<b>128,416</b>	<b>85</b>	<b>124,509</b>	<b>86</b>
Less: deferred income .....	(3,708)	(2)	(3,727)	(2)	(3,678)	(3)
Less: contractors and consultants' istisna contracts .....	(7)	(0)	(7)	(0)	(8)	(0)
<b>Total Islamic financing assets .....</b>	<b>164,518</b>	<b>84</b>	<b>124,683</b>	<b>83</b>	<b>120,823</b>	<b>83</b>
<b>Islamic investing assets</b>						

	As at 31 December					
	2020		2019		2018	
	(AED millions)	%	(AED millions)	%	(AED millions)	%
Musharaka .....	6,711	3	7,115	5	7,806	5
Mudaraba.....	9,765	5	11,134	7	11,713	8
Wakala.....	24,096	12	14,062	9	10,124	7
<b>Total Islamic investing assets .....</b>	<b>40,572</b>	<b>21</b>	<b>32,311</b>	<b>21</b>	<b>29,643</b>	<b>20</b>
<b>Total Islamic financing and investment assets .....</b>	<b>205,090</b>	<b>104</b>	<b>156,994</b>	<b>104</b>	<b>150,466</b>	<b>104</b>
Less: provisions for impairment.....	(8,401)	(4)	(6,081)	(4)	(5,727)	(4)
<b>Total Islamic financing and investment assets, net.....</b>	<b>196,689</b>	<b>100</b>	<b>150,913</b>	<b>100</b>	<b>144,739</b>	<b>100</b>

The Group's total portfolio of Islamic financing and investing assets (net of provisions) was AED 196,689 million (U.S.\$53,557 million) as at 31 December 2020, an increase of 30 per cent. from AED 150,913 million (U.S.\$41,093 million) as at 31 December 2019 (and AED 144,739 million (U.S.\$39,412 million) as at 31 December 2018) which principally reflected the acquisition of Noor Bank in January 2020 and organic growth. The distribution of the Group's total portfolio of Islamic financing assets across economic sectors is oriented towards consumer financing (including consumer home financing), services, real estate, aviation, government, trade, financial institutions and contracting, which is in line with the domestic economy.

A description of the concentrations in the Group's Islamic financing and investing assets portfolio is set out below under "– Risk Management – Credit Risk – Portfolio concentrations".

As at 31 December 2020, 6 per cent. of the Group's total Islamic financing and investing assets portfolio was located outside the UAE. The Group has implemented risk management methods to mitigate and control the risks associated with this portfolio and other market risks to which the Group is exposed, see "– Risk Management" below.

## INVESTMENTS IN ISLAMIC SUKUK AND OTHER INVESTMENTS MEASURED AT FAIR VALUE

The Group maintains a sukuk portfolio of high credit quality. This portfolio is concentrated in the GCC (see further note 10 to each of the Financial Statements) and, in particular, 55 per cent. of the sukuk portfolio (before provisions for impairment) was concentrated in the UAE as at 31 December 2020.

The table below shows a breakdown of the Group's investment portfolio (including its sukuk portfolio) as at 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 December					
	2020		2019		2018	
	(AED millions)	%	(AED millions)	%	(AED millions)	%
<b>Investments in sukuk</b>						
Amortised cost.....	34,321	97	33,244	100	31,179	100
Fair value.....	1,034	3	-	-	-	-
	<b>35,355</b>	<b>100</b>	<b>33,244</b>	<b>100</b>	<b>31,179</b>	<b>100</b>
<b>Other investments</b>						
Investments carried at FVTPL <sup>(1)</sup> .....	-	-	-	-	-	-
Investments carried at FVTOCI <sup>(2)</sup> .....	1,111	100	1,266	100	1,688	100
	<b>1,111</b>	<b>100</b>	<b>1,266</b>	<b>100</b>	<b>1,688</b>	<b>100</b>

Notes:

(1) Fair value through profit or loss.

(2) Fair value through other comprehensive income.

## FUNDING

The table below shows the sources of the Group's funding as at 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 December					
	2020		2019		2018	
	(AED millions)	%	(AED millions)	%	(AED millions)	%
Customers' deposits .....	205,925	73	164,418	74	155,657	72
Due to banks and financial institutions.....	13,496	5	9,147	4	13,203	6
Sukuk issued.....	18,744	7	14,852	7	12,371	6
Total equity .....	43,130	15	34,732	16	34,127	16
<b>Total funding .....</b>	<b>281,295</b>	<b>100</b>	<b>223,149</b>	<b>100</b>	<b>215,358</b>	<b>100</b>

### Customers' deposits and due to banks and financial institutions

The Group's bank deposits (recorded as due to banks and financial institutions in its consolidated statement of financial position) and customer's deposits together totalled AED 219,421 million (U.S.\$59,747 million), AED 173,565 million (U.S.\$47,261 million) and AED 168,860 million (U.S.\$45,980 million) as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively. The Group's customers' deposits represented 94 per cent., 95 per cent. and 92 per cent., respectively, of total bank and customers' deposits as at those dates.

The Group's principal source of funding is its customers' deposits. The table below shows a breakdown of the Group's customer deposits as at 31 December 2020, 31 December 2019 and 31 December 2018.

	31 December		
	2020	2019	2018
	(AED millions)		
<b>Customers' deposits</b>			
Current accounts.....	50,246	32,033	33,323
Saving accounts.....	35,594	22,043	20,023
Investment deposits.....	119,643	109,848	101,796
Margin accounts .....	373	383	401
Depositors' investment risk reserve.....	14	14	10
Depositors' share of profit payable.....	54	96	103
<b>Total.....</b>	<b>205,925</b>	<b>164,418</b>	<b>155,657</b>

### Sukuk issued

#### *Sukuk issuance by DIB under the Programme*

In May 2012, DIB, through a Sharia-compliant financing arrangement, established the Programme. As at 31 December 2020, DIB had five series of certificates outstanding under the Programme, with an aggregate outstanding amount of AED 18,744 million. The outstanding sukuk have expected profit rates of between 2.95 per cent. and 3.66 per cent. and mature between March 2021 and January 2026.

#### *Sukuk issuance by subsidiaries of DIB*

In 2017, DIB Pakistan issued its rated, unsecured, subordinated and privately placed Tier-II Mudaraba sukuk. The sukuk issue is rated A+ by JCR-VIS Credit Rating Company Limited. The sukuk issue has a 10 year tenor and carries an expected profit rate of 50 basis points per annum over the six month Karachi Interbank Offered Rate. The sukuk issue is redeemable at maturity and has a call option which is exercisable after five years.

In 2018, DIB Pakistan issued its rated, unsecured, subordinated and privately placed Additional Tier 1 Mudaraba sukuk. The sukuk issue is rated A+ by VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited). The sukuk issue is a perpetual instrument and carries an expected profit rate



of 1.75 per cent. per annum over the three month Karachi Interbank Offered Rate. It also has a call option which is exercisable after five years.

Following the acquisition of Noor Bank in January 2020, the U.S.\$500 million Trust Certificates issued by Noor Sukuk Company Limited (the **Noor Bank Certificates**) became liabilities of the Group. In October 2020, the holders of the Noor Bank Certificates agreed that DIB would be substituted for Noor Bank under the transaction documents relating to the Noor Bank Certificates.

### Total equity

The Group's equity funding takes the form of its share capital and reserves (including retained earnings) and its Tier 1 sukuk issued which are accounted as equity. As at 31 December 2020, the Group's share capital and reserves (including retained earnings) amounted to AED 28,606 million and its Tier 1 sukuk amounted to AED 11,937 million.

### Tier 1 sukuk issuances

The Group has issued Tier 1 sukuk, which are accounted as equity, through Sharia-compliant structures. The outstanding Tier 1 sukuk as at 31 December 2020 are set out in the table below.

SPV (the Issuer)	Date of issuance	Issuance amount Equivalent AED '000	Discretionary profit rate	Callable period
<b>DIB Tier 1 Sukuk (2) Limited...</b>	January 2015	3,673,000 (U.S.\$ 1 billion)	6.75% per annum to be paid semi-annually	On or after January 2021 <sup>(1)</sup>
<b>DIB Tier 1 Sukuk (3) Limited...</b>	January 2019	2,754,750 (U.S.\$ 750 million)	6.25% per annum to be paid semi-annually	On or after January 2025
<b>DIB Tier 1 Sukuk (4) Limited</b>	November 2020	3,673,000 (U.S.\$ 1 billion)	4.63% per annum to be paid semi-annually	On or after May 2026
<b>Noor Tier 1 Sukuk Limited<sup>(2)</sup>.....</b>	May 2016	1,836,500 U.S.\$500 million)	6.25% per annum to be paid semi-annually	On or after June 2021

Notes:

(1) These securities were called and repaid in January 2021.

(2) Following the acquisition of Noor Bank in January 2020, these Tier 1 sukuk became liabilities of the Group. In October 2020, the holders of these Tier 1 sukuk agreed that DIB would be substituted for Noor Bank under the transaction documents relating to the Tier 1 sukuk.

The Tier 1 sukuk are perpetual securities in respect of which there are no fixed redemption dates and which constitute direct, unsecured, subordinated and conditional payment obligations (senior only to share capital), subject to the terms and conditions of the relevant mudaraba agreement. In the case of each issuance, at the relevant issuer's sole discretion, it may elect not to make any mudaraba profit distributions and the event is not considered a dissolution event. In such event, the mudaraba profit will not be accumulated but forfeited to the relevant issuer. Each Tier 1 sukuk issuance is listed on the regulated market of Euronext Dublin and the sukuk issued in January 2015 and 2019 are also listed on Nasdaq Dubai while the sukuk issued in May 2016 is also listed on the DFM.

The net proceeds of the Tier 1 sukuk are invested by way of mudaraba with DIB (as mudareb), on an unrestricted co-mingling basis, in DIB's general business activities carried out through its general mudaraba pool.

### Repo facility

In the event of a liquidity crisis, the Group has a large portfolio of rated sukuk that could be used as collateral for repo facilities provided by the Central Bank as part of its measures intended to ensure that UAE banks have sufficient liquidity including, in particular, through access to the Central Bank's Islamic-compliant CD repo facility.

## CAPITAL ADEQUACY

The Group calculates its capital adequacy ratio in accordance with the capital adequacy regulations, standards and guidelines issued by the Central Bank in line with Basel III requirements (see further "*The United Arab Emirates Banking Sector and Regulations – Recent Trends in Banking – Capital adequacy*"). The Central Bank introduced the Basel III Regulations (as defined herein) introducing minimum capital requirements at three levels: common equity tier 1 (**CET1**), tier 1 and total capital. The Group must maintain a minimum CET1 ratio of 7 per cent. and a total capital ratio of at least 13.5 per cent. (including the buffers referred to below).

The Central Bank has also introduced capital buffers which must be maintained in addition to the minimum CET1 requirement of 7 per cent.: (i) the Group is currently required to maintain a capital conservation buffer (**CCB**) of 2.5 per cent. of risk weighted assets and a domestic systemically important bank buffer (**D-SIBB**) of 0.5 per cent. of risk weighted assets; and (ii) a countercyclical capital buffer (**CCCB**), which must be maintained at a level determined by the Central Bank between 0 – 2.5 per cent. of risk weighted assets. The CCCB is not yet in effect and was not required to be maintained in 2020. Therefore, the combined buffer requirement applicable to the Group as at the date of this Base Prospectus comprises only the CCB and the D-SIBB.

With effect from 15 March 2020 until 31 December 2021, banks in the UAE are allowed to tap into their CCB up to a maximum of 60 per cent. and to use 100 per cent. of their D-SIBB without supervisory consequences, as part of the measures adopted by the Central Bank to help UAE banks deal with the COVID-19 crisis.

The table below shows the Group's capital ratios determined in accordance with Basel III as at 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 December		
	2020	2019	2018
	<i>(AED millions, except percentages)</i>		
Capital base .....	41,427	31,331	30,816
<b>Risk weighted assets</b>			
Credit risk .....	204,934	172,474	161,738
Market risk .....	2,582	2,159	1,521
Operational risk .....	16,564	14,922	13,267
<b>Risk weighted assets .....</b>	<b>224,080</b>	<b>189,555</b>	<b>176,525</b>
<b>Risk asset ratio</b>			
Tier 1 capital ratio .....	17.3%	15.4%	16.3%
Capital adequacy ratio .....	18.5%	16.5%	17.5%
Common equity tier 1 ratio .....	12.0%	12.0%	12.4%

## RELATED PARTIES

Certain related parties (principally major shareholders, associated companies, directors and senior management of DIB and companies of which they are principal owners) are customers of the Group in the ordinary course of business. The transactions with these parties were made on substantially the same terms, including profit and commission rates, as the case may be, and the requirements for collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve an amount of risk which was more than the amount of risk relating to such comparable transactions. No impairment allowances have been recognised against financing and investing assets extended to such related parties.

The table below shows the amounts outstanding as at 31 December 2020, 31 December 2019 and 31 December 2018 in respect of transactions entered into by the Group with related parties:

	As at 31 December		
	2020	2019	2018
	<i>(AED millions)</i>		
Islamic financing and investing assets .....	1,905	1,691	1,538
Investment in Islamic sukuk .....	158	557	1,498

Customers' deposits.....	2,293	2,290	4,410
Contingent liabilities and commitments.....	1	1	-

The table below shows income earned from and profit paid to related parties in each of the years ended 31 December 2020, 31 December 2019 and 31 December 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(AED millions)</i>		
Income from Islamic financing and investing .....	46	66	74
Income from investment in Islamic sukuk .....	13	27	58
Depositors' share of profits .....	37	94	136

See further, note 43 to each of the Financial Statements.

## INFORMATION TECHNOLOGY

DIB recognises the importance of technology in building the Group's business capabilities with the ambition of accomplishing its objectives of growth, expansion and competitive market positioning. Technology is at the core of the Group's strategy and for that reason a digital technology roadmap is embedded within its business plans.

The Group's IT capabilities aim to provide state of the art customer engagement platforms, integrated with robust, scalable data, analytics and core banking systems, hosted on highly resilient cloud-enabled data centres. This is to ensure the delivery of a flawless experience to customers.

Through its IT, the Group aspires to provide its businesses with a continuous competitive advantage and for that purpose it has a robust transformation plan that is committed to deliver operational efficiencies, productivity and high quality risk management competences.

## COMPLIANCE

The Group has a compliance function in place, which is headed by a dedicated compliance officer (the **Group Head of Compliance**). The Compliance Officer reports to the Group CEO of DIB, has direct access to the Board through the Board Risk, Compliance & Governance Committee and also has access to the board committees, as and when required. The Compliance Officer is responsible for coordinating and overseeing the effective implementation of compliance programme and policies across the Group.

The Group's compliance policies have been devised to prevent exposure to various risks (including money laundering, terrorist financing and sanctions). These policies are also aimed at ensuring compliance with sanction programmes including but not limited to the UAE, the USA, the United Nations and the EU. Moreover, they focus on meeting the requirements of applicable laws and regulations, and adopting international best practices on various compliance controls.

As per applicable laws and regulations and international best practices, the Group follows a risk-based approach and conducts risk-based assessments in respect of all its activities and provides advice to all of its UAE-based branches and financial subsidiaries to ensure compliance with the applicable laws and regulations. DIB requires that its Anti-Money Laundering (**AML**), Counter Financing of Terrorism (**CFT**), Client Acceptance, FATCA and Common Reporting Standard (**CRS**) policies and practices are adopted by all its branches and financial subsidiaries within the Group.

The Group also carries out enhanced due diligence on customers who are classified as high risk (including Politically Exposed Persons (PEPs)) at the time of onboarding and again at the time of know your customer (KYC) renewals of existing customers. The Group also monitors transaction activity for customer transactions that are deemed as unusual.

The Group has a monitoring programme to prevent, detect and report suspicious and dubious transactions, which includes advanced AML/CFT monitoring systems to monitor transactions and respond appropriately.

The Group also monitors its customer transaction profiles based upon pre-determined thresholds and scenarios.

The Group's compliance policies and practices are subject to periodical review and assessment for effectiveness and adequacy by its internal audit function, as well as by the Central Bank. Mandatory compliance training is provided to all relevant staff both at onboarding and periodically thereafter to help ensure that key requirements are complied with.

## **INTERNAL AUDIT**

Risk management processes throughout the Group are audited periodically by its internal audit function which examines both the adequacy of the Group's risk management procedures and the Group's compliance with them. Members of the Internal Audit department discuss the results of their assessments with the Group's management and report their findings and recommendations to the Audit Committee.

## **BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

The Group has implemented business continuity planning (**BCP**) and disaster recovery (**DR**) systems to prepare for unexpected business disruption events. Business continuity testing is carried out on an annual basis for all of the Group's critical systems. In addition, each year a plan is put in place to perform disaster recovery drills for such critical systems. The Group reviews its BCP and DR capabilities on an ongoing basis and updates them to include the latest technologies and handle any new threats to the Group's business.

The Group's BCP policy is derived from a number of BCP best practices, including the UAE local standard, ISO 22301 and the British standard. The Group has also adopted the BCP guidelines of the Central Bank.

The Group has set-up dedicated business continuity sites at a number of different locations within the UAE. The Group's DR site is also kept separate and distant from its primary IT systems site. The Group also complies with the UAE's local emergency management practices. The Group has enhanced its BCP capacity by adding work from home framework as an additional tool to the business continuity infrastructure.

The Group's crisis management committee is responsible for managing BCP and DR within the Group. The committee also oversees handling of any cyber incidents within DIB.

## **RISK MANAGEMENT**

### **OVERVIEW**

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subjecting risk to limits and the implementation of other risk controls, as described below. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his particular responsibilities.

The Group is exposed to a number of risks, including credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. The Group is also subject to operating risks.

The Group's independent risk control process does not include business risks such as changes in the environment, technology and industry. These risks are monitored through the Group's strategic planning process.

### **RISK MANAGEMENT STRUCTURE**

The Board, supported by the Board Risk, Compliance & Governance Committee, the Management Risk Management Committee and the Risk Management Department, is ultimately responsible for identifying and controlling risks within the Group. There are also other independent bodies responsible for managing and monitoring risks.

#### **Board of Directors**

The Board is responsible for the Group's overall risk management approach and for approving its risk strategies and policies.

#### **Board Risk, Compliance & Governance Committee**

The Board Risk, Compliance & Governance Committee has overall responsibility for the development of the risk strategies, frameworks, policies and limits and for recommending these to the Board. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions.

#### **Management Risk Management Committee**

The day-to-day monitoring of risk has been delegated to the Management Risk Management Committee. This committee has the overall responsibility to support the Board Risk Management Committee for the development and formulation of the risk strategies, frameworks, policies and limits. It is also responsible for ensuring compliance with all risk limits, monitoring risk exposures and implementing the regulatory guidelines issued by relevant regulatory bodies, such as the Central Bank.

#### **Risk Management Department**

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure that risk remains within the acceptable range approved by the Board Risk Management Committee and the Board. The Risk Management Department is responsible for credit administration, portfolio management, credit risk, market risk, operational risk and overall risk control.

#### **Asset and Liability Management Committee**

ALCO is responsible for managing the Group's assets and liabilities and its overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

#### **Collection & Remedial Management Committee (the CRMC)**

The CRMC is a management level of authority. The primary purpose of the CRMC is to take remedial decisions and monitor recovery activities within the discretionary authority delegated to it by the Executive Committee and the Board. In performing its role, the CRMC periodically reviews and provides constructive

recommendations to the Executive Committee and/or the Board on the policies, guidelines and processes for remedial activities in the Group.

### **Management Credit Committee**

The Management Credit Committee is a management level of authority responsible for taking credit decisions and monitoring credit activities within the discretionary authority delegated to it by the Board. In performing its role, the Management Credit Committee periodically reviews and provides constructive recommendations to the Board on the Group's credit policies, guidelines, processes and the future direction of credit/investment activities within the Group.

### **Internal Audit Department**

Risk management processes throughout the Group are audited periodically by the Internal Audit Department which examines both the adequacy of the procedures and the Group's compliance with the procedures. The Internal Audit Department comments on the results of their assessments to management and reports its findings and recommendations to the Board Audit Committee.

## **RISK MEASUREMENT AND REPORTING SYSTEMS**

The Group measures risks using qualitative as well as quantitative methods for credit, market and operational risks. Further, the Group also uses quantitative analysis and methods to support revisions in business and risk strategies when required. These analyses and methods reflect both the expected loss likely to arise in the normal course of business and unexpected losses resulting from unforeseen events, which are based on simple statistical techniques and probabilities derived from historical experience. The Group also runs stress scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Board and management. These limits reflect the business strategy and market environment of the Group as well as the level of risk that it is willing to accept, with additional emphasis on selected industries. Information compiled from all of the Group's business units is examined and processed in order to analyse, control and identify risks at an early stage. This information is presented and explained to the Board and management. Specialised reports are presented to the heads of business and are delivered with a frequency suited to the volatility of the risk. The reports include aggregate credit exposure, limit exceptions, liquidity, operational loss incidents and other risk profile changes. Detailed reporting of industry, customer and geographic risks takes place on a monthly basis. DIB's senior management assesses the appropriateness of its provisions for impairment losses on a quarterly basis.

## **MODEL RISK MANAGEMENT**

The Group uses a number of quantitative models in many of its financial and business activities from underwriting a credit facility to reporting expected credit losses under IFRS 9.

To manage the model risks, the Group has developed and implemented a model governance framework which contains Group-wide development, implementation and validation policies and practices. According to the framework, all internally or externally developed risk quantification models that directly affect the financial reporting on expected credit losses require validation periodically (internally or externally). The Model Risk Management Committee (**MRMC**) is responsible for overseeing all model-related development, implementation of framework and performance of the models. The MRMC reports to Risk Management Committee.

The framework establishes a systematic approach to manage the development, implementation, approval, validation and ongoing use of models. It sets out an effective governance and management structure with clearly defined roles and responsibilities, policies and controls for managing model risk. The framework is reviewed on a regular basis to ensure it meets regulatory standards and international practices. Any major change to the framework is approved by the Risk Management Committee upon recommendation of the MRMC.

The Group has an independent validation function that performs independent model validation. It provides fit-for-purpose, conditional approval or not fit-for-purpose recommendations to the MRMC to approve the use of the new risk quantification or valuation models. In addition to new model validation, the validation function also evaluates the performance of existing models through an annual validation process.

## **RISK MITIGATION**

As part of its overall risk management process, the Group uses various methods to manage exposures resulting from changes in credit risks, liquidity risks, market risks (including profit rate risks, foreign exchange risks and equity price risks) and operational risks.

The Group seeks to manage its credit risk exposures through diversification of financing and investment activities to avoid undue concentration of risk with individuals and groups of customers in specific locations or businesses. The Group actively uses collateral to reduce its credit risks. See "*– Credit Risk*" below for further details.

The Group's market risk is managed on the basis of predetermined asset allocation across various asset categories and a continuous appraisal of movements in market conditions. The Group also continuously monitors expected changes in foreign currency rates, benchmark profit rates and equity prices in order to mitigate market risk. See "*– MARKET RISK*" below for further details.

In order to mitigate against liquidity risk, the Group's management has access to diversified funding sources. The Group's assets are managed with its overall liquidity in mind as well as with a view to maintaining an appropriate balance of cash and cash equivalents in order to be able to meet its contractual liabilities at short notice.

To manage all other risks, the Group has developed a detailed risk management framework supported by dedicated policies intended to identify and apply resources effectively in order to mitigate against those risks occurring.

## **RISK CONCENTRATION**

Concentrations of risk arise within the Group when a number of its counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to the Group to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines which require it to focus on maintaining a diversified portfolio of Islamic financing and investment assets. Where concentrations of credit risks are identified, the Group aims to control and manage these accordingly (as described further below).

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss and is inherent in a wide range of the Group's businesses. Credit risks could arise from a deterioration in the credit quality of specific counterparties of the Group, from a general deterioration in local or global economic conditions or from systemic risks with the financial system. The Group attempts to regulate credit risk by implementing a credit risk strategy and attempts to minimise credit risk by monitoring credit exposures (in particular, in relation to those counterparties falling within higher risk rating bands), limiting transactions with specific counterparties and continually assessing the creditworthiness of its counterparties. In addition to monitoring credit limits, the Group manages credit exposure relating to its trading activities by entering into collateral arrangements with counterparties in appropriate circumstances and limiting the duration of its exposure to those counterparties. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

## **Management of credit risk**

The Group's credit risk management framework includes:

- establishment of an authorisation structure and limits for the approval and renewal of credit facilities;
- reviewing and assessing credit exposures in accordance with its authorisation structure and limits, prior to facilities being approved for advance to customers. Renewals and reviews of facilities are subject to the same review process as occurs in respect of an application for a new facility;
- limiting concentrations of exposure to industry sectors, geographic locations and counterparties; and
- reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with the risk management strategy and market trends.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of its counterparties. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The Group's risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed.

## **Credit risk measurement**

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparties. Whilst some of the models for real estate projects have been developed internally, those relating to the Group's corporate, contracting and SME businesses have been acquired from Moody's and subsequently optimised and calibrated to the Group's internal rating scale.

The Group's rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating tools and their predictive power with regard to default events.

## **Collateral**

The Group employs a range of policies and practices to mitigate credit risk. The most traditional and commonly used policy is to take collateral against the amount advanced. The Group has implemented guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal types of collateral obtained in respect of the Group's Islamic financing and investing assets are:

- mortgages over residential and commercial properties;
- corporate guarantees;
- charges over business assets such as premises, machinery, vehicles and inventory; and
- charges over financial instruments such as deposits and equities.

The amount and type of collateral required by the Group depends on its assessment of the particular counterparty's credit risk. The Group implements guidelines regarding the acceptability of particular types of collateral and the parameters put in place for valuing it.

## **Islamic derivative financial instruments**

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the Group's consolidated statement of financial position.

## **Credit-related commitments risks**

The Group makes available to its customers guarantees and letters of credit which require it to make payments in the event that its customer fails to fulfil certain obligations it owes to other parties. This exposes the Group



to a similar credit risk to that faced by it in respect of its financing and investing assets, and these risks are mitigated by the same control processes and policies as described above.

### Portfolio concentrations

As described above, concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, in activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group's credit policies are structured to ensure that the Group is not over-exposed to a given client, industry or geographic area through diversification of financing and investment activities.

The table below shows the industry breakdown of the Group's total Islamic financing and investing assets as at 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 December					
	2020		2019		2018	
	(AED millions)	%	(AED millions)	%	(AED millions)	%
<b>Portfolio concentration total Islamic financing and investing assets – by industry sector</b>						
Government.....	26,411	13	9,131	6	7,267	5
Financial institutions .....	9,475	5	6,761	4	6,475	4
Real estate .....	42,402	21	32,801	21	28,843	19
Contracting .....	5,340	3	6,018	4	6,764	4
Trade .....	8,160	4	8,228	5	8,247	5
Aviation.....	20,546	10	17,489	11	18,884	13
Services and others.....	41,949	20	35,381	23	34,399	23
Consumer home finance.....	21,144	10	14,552	9	13,648	9
Consumer financing .....	29,662	14	26,636	17	25,938	17
<b>Total.....</b>	<b>205,090</b>	<b>100</b>	<b>156,994</b>	<b>100</b>	<b>150,466</b>	<b>100</b>

The table below shows the concentration of the Group's gross total Islamic financing and investing assets by geography as at 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 December					
	2020		2019		2018	
	(AED millions)	%	(AED millions)	%	(AED millions)	%
<b>Portfolio concentration total Islamic financing and investing assets – by geographical area</b>						
Within UAE.....	193,079	94	146,718	93	142,266	95
Outside UAE .....	12,011	6	10,276	7	8,200	5
<b>Total.....</b>	<b>205,090</b>	<b>100</b>	<b>156,994</b>	<b>100</b>	<b>150,466</b>	<b>100</b>

The table below shows the Group's non-performing assets ratio and provision coverage ratio as at 31 December 2020, 31 December 2019 and 31 December 2018.

Portfolio outstanding net of future profits	Bilateral sukuk	Total	Non performin g assets	Provisions held	Non performing/ portfolio outstanding net of future profits and	Provisions/ non performin g
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		(AED millions)		bilateral sukuk			
				(%)			
31 December 2020..	205,090	5,802	210,892	12,061	8,401	5.7	76.3 <sup>(1)</sup>
31 December 2019..	156,994	3,219	160,213	6,310	6,081	3.9	101.0 <sup>(1)</sup>
31 December 2018..	150,466	3,219	153,685	5,251	5,727	3.4	111.5

Note:

- (1) The 31 December 2020 provision coverage ratio includes the impact of fair value adjustment on the Stage 1 and Stage 2 Islamic financing and investing portfolio acquired from Noor Bank and the provision coverage ratio as at both 31 December 2020 and 31 December 2019 include the regulatory credit risk reserve created in accordance with the guidelines of the Central Bank.

## Impairment assessment

The Group applies a three-stage approach to measure allowances for credit losses, using an Expected Credit Loss (ECL) model as required under IFRS 9, for the following categories of financial instruments that are measured at amortised cost:

- Islamic financing and investing assets and investment in Islamic sukuk;
- off-balance sheet instruments issued;
- financial guarantee contracts issued;
- due from banks and financial institutions;
- balances with Central Banks; and
- other financial assets.

The ECL model is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls related to default events either: (i) over the following 12 months; or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The three stages are as follows:

- under stage one, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded;
- under stage two, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded; and
- under stage three, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

The ECL model is forward-looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL. No impairment loss is recognised on equity investments.

For a discussion of the manner in which ECL is measured, see note 5.3.9 to the 2020 Financial Statements. This note also discusses the impact of COVID-19 on the determination of ECL and the measures implemented by the Central Bank as well as guidelines issued by the IASB and Basel Committee in March and April 2020, respectively.

The table below shows the movements in the Group's provision for impairment in respect of its Islamic financing and investing assets for the years ended 31 December in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
		(AED millions)	
Balance at 1 January.....	6,081	5,727	5,998 <sup>(1)</sup>
Impairment charge during the year .....	4,365	2,095	1,789
Write-back/recoveries during the year .....	(555)	(435)	(869)
Write-off.....	(1,642)	(1,311)	(1,166)
Exchange and other adjustments .....	153	4	(25)
Balance at the end of the year .....	<b>8,401</b>	<b>6,081</b>	<b>5,727</b>

Note:

(1) After adjustments to reflect the adoption of IFRS 9 on 1 January 2018.

A more detailed table showing the split of the provision between IFRS 9 stages can be found in note 9.3 to each of the Financial Statements.

## LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to the Group's core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

DIB is required to have a robust liquidity risk framework in place to manage its liquidity position in accordance with the qualitative and quantitative requirements issued by the Central Bank. Pursuant to the qualitative requirements, DIB has been compliant with, and has adopted, the Basel III liquidity coverage ratio since June 2018. DIB is also compliant with both the liquidity coverage ratio (**LCR**) and net stable funding ratio (**NSFR**).

The Group maintains a portfolio of highly marketable and diverse assets that it believes can be liquidated easily in the event of an unforeseen interruption of its cash flows. The Group also has committed lines of credit that it can access to meet liquidity needs should the need arise. In addition, the Group maintains statutory deposits with certain central banks. The Group's liquidity position is assessed and managed under a variety of scenarios, which give due consideration to stress factors relating to both the market in general and those specific to the Group.

The Group believes that the high quality of its asset portfolio ensures its liquidity, which, coupled with its own funds and stable customer deposits, help form a stable funding source. DIB is confident that, even under adverse conditions, the Group will have access to the funds necessary to cover customer needs and meet its funding requirements.

The Group's primary tool for monitoring its liquidity is the maturity mismatch analysis, which is monitored over successive time bands and across functional currencies. See note 47.3.3 to the 2020 Financial Statements which summarise the maturity profile of the Group's assets and liabilities analysed according to when they are expected to be recovered or settled which show negative maturity gaps (total assets minus total liabilities and equity) in the less than three months and three months to one year buckets and, on a cumulative basis, in the one to five year bucket as at 31 December in each of 2020 and 2019. Guidelines have been established by the Group for the cumulative negative cash flow over successive time periods.

In addition note 47.3.3 to the 2020 Financial Statements shows the maturity profile of the gross cash flows of the Group's financial assets and liabilities as at 31 December in each of 2020 and 2019 and note 47.3.4 to the 2020 Financial Statements shows the maturity profile of the Group's contingent liabilities and commitments as at 31 December in each of 2020 and 2019.

### Liquidity risk management process

The Group's liquidity risk management process which is monitored by a separate team in the Treasury department, includes:

- day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes the replenishment of funds as they mature or are financed by customers;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to the Group's cash flows;
- monitoring the Group's consolidated statement of financial position liquidity ratios against internal and regulatory requirements; and
- managing the concentration and profile of the maturity dates of its investing and financing exposures.

The COVID-19 crisis has affected liquidity in both global and regional markets. To address this, the Central Bank has provided zero cost funding to all eligible banks and has eased out regulatory cash reserve requirements for banks in the UAE. In order to allow banks to utilise the released liquidity, the Central Bank reduced the liquidity ratios (LCR and NSFR).

The ALCO and Liquidity Management Committee meet on a regular basis with particular focus on liquidity management. The Group has considered new options for expanding its liabilities base (through changed tenors and currencies) and has focused on its capital market funding plan. The Group is also strengthening its liquidity buffers by timing disbursements to customers along with a strict focus on enhancing deposit relationships across all customer segments.

The table below shows a number of liquidity ratios for the Group as at 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 December		
	2020	2019	2018
		%	
<b>Liquidity ratios:</b>			
Liquid assets <sup>(1)</sup> /customer deposits .....	11	11	11
Customer deposits/total deposits <sup>(2)</sup> .....	94	95	92
Net financing and investment assets/customer deposits .....	96	92	93
Net financing and investment assets/total assets .....	68	65	65
LCR .....	129	142	—
NSFR .....	90	108	—

Notes:

- (1) Liquid assets comprise cash and balances with central banks and due from banks and financial institutions minus due to banks and financial institutions.
- (2) Total deposits comprise customers' deposits and due to banks and financial institutions.

## MARKET RISK

Market risk arises from changes in market rates such as profit rates, foreign exchange rates and equity prices, as well as in their correlation and implied volatilities. Market risk management is designed to limit the amount of potential losses on the Group's open positions which may arise due to unforeseen changes in profit rates, foreign exchange rates or equity prices. The Group is exposed to diverse financial instruments including securities, foreign currencies, equities and commodities.

The Group pays considerable attention to market risk. It uses appropriate models, in accordance with standard market practice, to value its positions and receives regular market information in order to regulate its market risk.

The Group's market risk framework comprises the following elements:

- limits to ensure that risk-takers do not exceed aggregate risk and concentration parameters set by senior management; and
- independent mark-to-market valuation, reconciliation of positions and tracking of stop-losses for trading positions on a timely basis.

The policies, procedures and limits are set to ensure the implementation of the Group's market risk policy in day-to-day operations. These are reviewed periodically to ensure they remain in line with the Group's general market risk policy. DIB's Group Chief Risk Officer ensures that the market risk management process is always adequately and appropriately staffed. In addition to its internal procedures and systems, the Group is required to comply with the guidelines and regulations of the Central Bank.

### **Profit margin risk**

The Group is not significantly exposed to risk in terms of the repricing of its customer deposits since, in accordance with Sharia, the Group does not provide contractual rates of return to its depositors or investment account holders. The return payable to depositors and investment account holders is based on the principle of the Mudaraba by which the depositors and investment account holders agree to share the profit or loss made by the Group's common and wakala pool over a given period.

### **Profit rate risk**

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Group manages this risk through risk management strategies.

The effective profit rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The Group manages profit rate risk in its banking book using value at risk methodology and by stress testing parallel shifts of profit rate movements. See note 47.4.2 to the 2020 Financial Statements for a sensitivity analysis which indicates that a 50 basis point increase in profit rates for one year (with all other variables held constant) would have increased the Group's net profit income by AED 202 million in 2020 and AED 77 million in 2019.

### **Foreign exchange risk**

The Group has income recorded in its overseas subsidiaries and is therefore exposed to movements in the foreign currency rates used to convert this income into dirham, see further note 47.4.3 to the 2020 Financial Statements which include tables summarising the Group's exposure to foreign currency exchange rate risk as at 31 December in each of 2020 and 2019, and note 47.4.4 which contains a sensitivity analysis in relation to the impact that a 5 per cent. change in the Pakistan rupee and Egyptian sterling exchange rates against the dirham for one year (with all other variables held constant) would have had on the Group's profit before tax and equity through its impact on the translation of the results of its consolidated entities which had those reporting currencies.

Note 47.4.3 to the 2020 Financial Statements also contains a sensitivity analysis which indicates that a 2 per cent. change in currency rates against the dirham for one year (with all other variables held constant) would have, in the case of the U.S. dollar (to which the dirham has been pegged at a fixed exchange rate since 1986), had a material impact on the Group's profit or loss in each year through its impact on the Group's non-trading monetary assets and financial liabilities. Similar changes in the pound sterling or euro rates would have had a minimal impact only.

### **Equity price risk**

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the level of equity indices and the value of individual stocks. Non-trading equity price risk exposure arises from the Group's investment portfolio. Note 47.4.5 to the 2020 Financial Statements contains a sensitivity analysis which indicates that a 5 per cent. change in certain market indices at year end (with all other variables held constant) would have, in the case of the DFM index, impacted the Group's other comprehensive income by

AED 3 million in 2020 and AED 15 million in 2019. In addition, an increase of 5 per cent. in the fair value of Level 3 financial instruments due to a change in the unquoted market price/valuation of financial instruments as at 31 December 2020 would have increased the net assets attributable to the Bank by AED 45.9 million (2019: AED 35.6 million).

## **OPERATIONAL RISK**

Operational risk is the potential exposure to financial or other damage arising from inadequate or failed internal processes, people or systems.

The Group has developed a detailed operational risk framework which defines the roles and responsibilities of individuals/units across different functions that are involved in performing various operational risk management tasks. The Group's operational risk management framework is intended to ensure that its operational risks are properly identified, monitored, managed and reported. Key elements of this framework include process mapping, setting up a loss database, establishing key risk indicators (**KRIs**), risk analysis and risk management reporting.

The Group currently utilises eGRC and ORMS, as operational risk tracking systems, to track operational risk events across its businesses. The systems house more than five years of operational loss data. The systems also record KRIs, risk control self-assessment and scenario-based fraud risk self-assessment.

Each new product introduced by the Group is subject to a risk review and sign-off process where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product.

Variations of existing products are also subject to a similar process. The Group's business and support units are responsible for managing operations risk in their respective functional areas. They operate within the Group's operational risk management framework and ensure that risk is managed within their respective business units. The day-to-day management of operational risk is carried out through the maintenance of a comprehensive system of internal controls, supported by robust systems and procedures to monitor transaction positions and documentation, as well as maintenance of key backup procedures and business contingency planning.

## **REGULATORY / COMPLIANCE RISK**

Regulatory/compliance risk is the risk of reputational and/or financial losses due to the failure to comply with applicable laws, regulations or sanctions. The Group has an independent compliance function, with the necessary mandate and authority to enforce and monitor compliance. See "*Description of the Group - Compliance*".

## **REPUTATIONAL RISK**

Reputational risk is the risk of potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to deterioration of reputation. It also includes the threat to the brand value of a financial institution.

Reputational risk can arise as a consequence of failures with a strong negative perception amongst clients, shareholders, creditors or the public. The Group has measures to ensure a positive perception of the Group and that overall risk management ensures appropriate management of reputational risk.

## **LEGAL RISK**

The Group has a full-time team of legal advisers who deals with both routine and more complex legal cases. Situations of a particular complexity and sensitivity are referred to external firms of lawyers, either in the UAE or overseas, as appropriate. The Group also seeks to mitigate legal risk through the use of properly reviewed standard documentation and where necessary, seeking appropriate legal advice in relation to its non-standard documentation.

## SHARIA NON-COMPLIANCE RISK

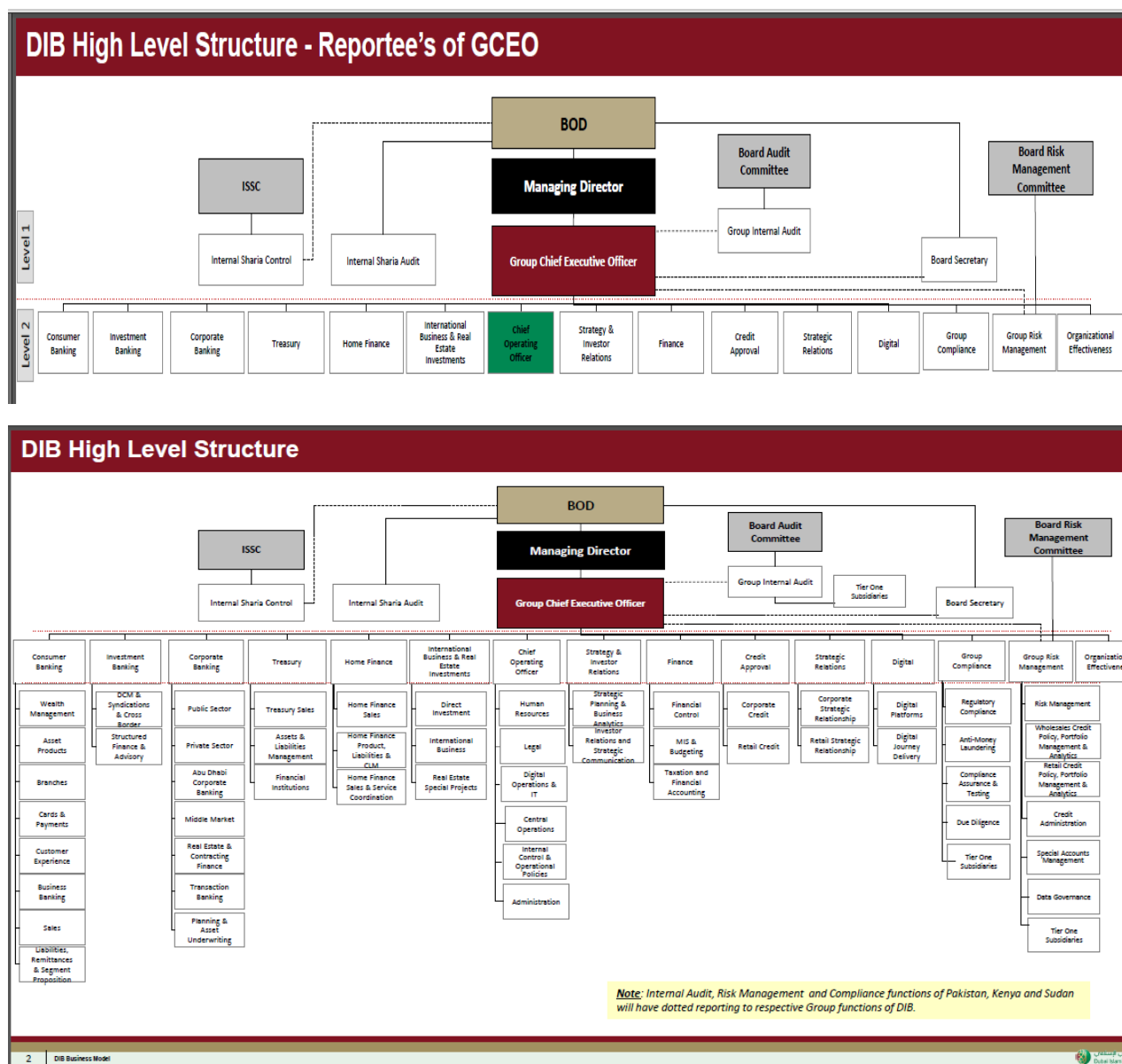
DIB is exposed to Sharia non-compliance risk, being the risk that arises from DIB's failure to comply with (a) resolutions, fatwas, regulations, and standards issued by the Higher Sharia Authority of the Central Bank of the UAE (the **HSA**) in relation to DIB's licensed activities and businesses; and (b) resolutions and fatwas issued by the Internal Sharia Supervisory Committee of DIB (the **ISSC**) in relation to DIB's licensed activities and businesses (provided these do not contradict any HSA resolutions).

DIB has an effective Sharia governance in place to manage and mitigate Sharia non-compliance risk. DIB's Board of Directors is ultimately responsible for DIB's compliance with the principles of Sharia with respect to all its licensed activities and businesses through the implementation of a robust Sharia governance framework that conforms to the resolutions of the HSA.

To ensure DIB's Sharia compliance, all products, services, transactions and matters are duly approved by the ISSC. DIB maintains effective internal Sharia controls comprising three distinct lines of defense, including (i) the business (which adopts robust policies, procedures and controls approved by ISSC), (ii) the internal Sharia control department (which supports the ISSC), and (iii) the internal Sharia audit department (which undertakes Sharia audits and monitors on-going compliance).

## MANAGEMENT AND EMPLOYEES

The following charts summarise the principal features of the organisational structure within the Group:



## BOARD OF DIRECTORS

The Board of Directors is elected by shareholders at a general meeting. DIB requires the majority of its Board to be UAE nationals. Each Director is appointed for a three year term at the end of which the Board is re-elected. The Board has the necessary power to manage DIB and act on its behalf.

The following table sets out the names of the current members of DIB's Board of Directors:

Name	Designation
H.E. Mohammad Ibrahim Al Shaibani	Board Chairman
Mr. Yahya Saeed Ahmad Lootah	Vice Chairman
Mr. Abdulla Ali Obaid Al Hamli	Board Member / Managing Director
Mr. Hamad Abdulla Rashed Al Shamsi	Board Member
Mr. Ahmad Mohammad Bin Humaidan	Board Member
Mr. Abdulaziz Ahmed Rahma Al Mheiri	Board Member
Mr. Hamad Mubarak Buamim	Board Member
Mr. Abdulla Hamad Rahma Al Shamsi	Board Member



The address of each member of the Board is P.O. Box 1080, Dubai, UAE. There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Group. Each member of the Board (except the managing director) is an independent and non-executive director of DIB.

Detailed below is brief biographical information on the members of the Board.

#### **H.E. Mohammad Ibrahim Al Shaibani**

H.E. Mohammed Ibrahim Al Shaibani is the Director General of H.H. the Dubai Ruler's Court, a prime government body of the Emirate. He is also the CEO and Executive Director of the ICD, the principal investment arm of the Government of Dubai.

H.E. Al Shaibani serves as Vice Chairman of the Supreme Fiscal Committee of Dubai, which oversees Dubai's fiscal policies. He is a member of Dubai's Executive Council, an entity charged with supervising and supporting Dubai's government bodies. H.E. Al Shaibani is also Deputy Chairman of the Higher Committee of World Expo 2020, the upcoming universal fair to be held in Dubai.

H.E. Al Shaibani serves as Chairman of the Board of Directors at Nakheel Properties, the world-leading property developer with innovative landmark projects in Dubai, including the award-winning iconic "Palm Jumeirah" and "The World Jumeirah Islands".

H.E. Al Shaibani is Chairman of the Board. He is also a member of the board at several government-related organisations including Dubai World, and Dubai Aerospace Enterprise Limited.

In 2009, he played a pivotal role in restructuring Dubai's debt.

#### **Mr. Yahya Saeed Ahmad Lootah**

Mr. Lootah serves as a Vice-Chairman of the Board. Mr. Lootah has over 20 years' experience with S.S. Lootah Group, a leading diversified business based in Dubai which is active across key business sectors ranging from construction, real estate, energy and financial services, applied research, ICT, education, hospitality, media and healthcare. He currently serves as the Chairman of the S.S. Lootah Group. Under his leadership, S.S. Lootah Group has received, amongst others, the Mohammed Bin Rashid Business Award and the Dubai Award for Sustainable Transport. In addition, Mr. Lootah is a member of the Board of Directors of the Dubai Chamber of Commerce and Industry, as well as a member of the Board of Trustees of Dubai Medical College and the Advisory Board of the Faculty of Engineering at the American University in Dubai.

Mr. Lootah holds a degree in Civil Architectural Engineering as well as a Master's of Science degree in Engineering from University of Bridgeport, Connecticut.

#### **Mr. Abdulla Ali Obaid Al Hamli**

Mr. Al Hamli has served as the CEO of DIB from 2008, and is also a member of DIB's Board. Mr. Al Hamli joined DIB in 1999. Before assuming the role of CEO, he served as DIB's Chief Information Officer where he directed the IT & Operations team and oversaw the upgrade of DIB's IT infrastructure. Mr. Al Hamli is currently Chairman of Tamweel following his appointment to this position in November 2010. Mr. Al Hamli was appointed as Managing Director of DIB in mid-2013.

Mr. Al Hamli serves as Chairman of the property developer, Deyaar Development. He holds a degree in Economics and Mathematics from Al Ain University, UAE.

Mr. Al Hamli also serves as Chairman of the Board of Directors of Emirates REIT, the UAE's largest listed Sharia-compliant real estate investment trust, and the first DFSA-licensed real estate investment trust.

In 2020, Mr. Al Hamli was appointed as a Board Member of Noor Bank.

### **Mr. Hamad Abdulla Rashed Al Shamsi**

Mr. Al Shamsi serves as a member of the Board.

Mr. Hamad Abdulla Al Shamsi also serves as the Chief Executive Officer of International Capital Trading LLC, an Abu Dhabi headquartered private investment company.

With a wealth of experience spanning several decades, he has run businesses across multiple disciplines, and has particular expertise in the area of financial services and investments.

He served in the Abu Dhabi Investment Authority before moving to the Private Department of His Highness the late Sheikh Zayed Bin Sultan Al Nahyan.

He currently serves on the Board of Directors of several leading private and government institutions engaged in commercial, financial and service-based activities in the UAE, including Etihad Airways. He currently serves as the Chairman of Amanat Holding PJSC. His former Board appointments include Abu Dhabi Securities Exchange, Media Zone Authority, Abu Dhabi Council for Economic Development, Al Qudra Holding, Finance House, Al Hilal Bank, Abu Dhabi Aviation and Abu Dhabi Airports Company.

Mr. Al Shamsi holds a Bachelor's degree in Business Administration from UAE University and MBA majoring in Finance and Banking from USA.

### **Mr. Ahmad Mohammad Bin Humaidan**

Mr. Bin Humaidan serves as a member of the Board.

Mr. Bin Humaidan has over 28 years' experience in strategic thinking, strategic planning, projects management, leading improvement programmes and change management and also serves as Deputy Director General of H.H. The Ruler's Court, Government of Dubai and as the Vice Chairman of the Board of Smart Dubai. He has also previously served as the Director General for Dubai Smart Government and as the Director of Projects for The Executive Office of His Highness Sheikh Mohammad Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai. Mr. Bin Humaidan started his career with Emirates/Dnata Group of companies where he worked for five years.

Mr. Bin Humaidan holds a degree in Electrical Engineering from UAE University as well as a Business Administration diploma from Sheffield Hallam University, United Kingdom.

### **Mr. Abdulaziz Ahmed Rahma Al Mheiri**

Mr. Al Mheiri serves as a member of the Board. Mr. Al Mheiri also serves as a member of the Board of Directors of Bourse Dubai, Vice Chairman of the Support Fund and Chairman of the Supervisory Board of Bosna Bank International. He has previously served as the Managing Director of the ICD and as a member of the Board of Directors and Chief Executive Officer for Dubai Bank.

Mr. Al Mheiri holds a Science degree, specialising in Accounting and Finance, from the American College of Switzerland.

### **Mr. Hamad Mubarak Buamim**

In addition to his role on the Board, Buamim also serves as the Chairman of the National General Insurance PJSC and Board Member of Amanat PJSC. He is also the President & CEO of Dubai Chamber of Commerce & Industry and the Chairman of the Paris-based World Chambers Federation – International Chamber of Commerce (ICC).

In previous roles, Mr. Buamim served as the Chairman of Emirates Financial Services and the Chairman of Emirates NBD Capital. Mr. Buamim has also served as a Board member of a number of entities, including the Central Bank of UAE, Dubai International Financial Center (DIFC), Emirates NBD, Network International, Kerzner International Holding and Union Properties.

Mr. Buamim holds a Master of Business Administration (MBA) with honours in Finance from the University of Missouri, Kansas City, United States. He also obtained a Bachelor of Science in Electrical Engineering from the University of Southern California, Los Angeles.

#### **Mr. Abdulla Hamad Rahma Al Shamsi**

Mr. Al Shamsi serves as a member of the Board.

Mr. Al Shamsi has served as the Chairman of Dubai Properties Group (May 2012 until 2015) and has also been a member of the Board of Directors for Emirates Integrated Telecommunications Co. (March 2007 until March 2018). He was also the General Manager for United Arab Shipping Agencies Co. until 2014.

Previously, Mr. Al Shamsi served as the Chairman for Middle East Container Repair until 2013 and was a founding member and treasurer for the UAE Tennis Association until 2010.

Mr. Al Shamsi obtained a Bachelor of Science degree, Business and Public Administration with a major in Finance and Economics from New York University in 1981.

#### **Mr. Javier Marin Romano**

Mr. Marin was appointed to the Board in April 2016. He is an entrepreneur and an investor in technology companies linked to financial services. He also serves as a director in each of the UCV (Spanish University), Instituto per le Opere di Religione (IOR) and Frontier Economics. Prior to this, Mr. Marin served as Chief Executive Officer of Banco Santander, senior executive vice-president of Banco Santander and head of private banking, asset management and insurance. He has also been a member of the European Banking Association and the European Financial Services Association and of the Board of Directors in different banks, insurance companies and asset managers in several countries in Europe (affiliates of Banco Santander).

Mr. Marin holds a degree in Law and a diploma in Business Administration from the Universidad Pontificia de Comillas in Madrid (Spain). He also obtained masters degrees in European law in Luxembourg, in banking administration from the Institute International d'Etudes Bancaires (La Joya, California) and taxes from the Universidad Pontificia de Comillas (Madrid) and completed the advanced programme of Singularity University (California).

### **KEY SENIOR MANAGEMENT**

The following table sets out the names of the current senior management of DIB:

<b>Name</b>	<b>Position</b>
Mr. Abdulla Ali Obaid Al Hamli .....	Managing Director
Dr. Adnan Chilwan .....	Group Chief Executive Officer
Mr. Obaid Al Shamsi .....	Chief Operating Officer
Mr. Nasser Abdulla Al Awadhi.....	Chief of Consumer Banking
Mr. Naveed Ali.....	Chief of Corporate Banking
Mr. Mohammed Saleem.....	Chief of Treasury
Mr. Hamid Butt .....	Chief of Investment Banking
Mr. Nagaraj Ramakrishnan .....	Chief Credit Officer
Mr. Chandra Mohan Ganapathy .....	Group Chief Risk Officer
Mr. Salman Liaqat.....	Chief of Strategy & Investor Relations
Mr. Sanjay Malhotra .....	Chief Digital & Innovation Officer
Mr. John Macedo .....	Chief Financial Officer
Mr. Volkan Pekince .....	Group Chief of Internal Audit

The address of each member of the senior management of DIB is P.O. Box 1080, Dubai, UAE. There are no potential conflicts of interest between the private interests or other duties of the senior management of DIB listed above and their duties to DIB.

Detailed below is brief biographical information on the senior management of DIB.

### **Mr. Abdulla Ali Obaid Al Hamli**

Please see biographical information provided above for Mr. Al Hamli under "*—Board of Directors*".

### **Dr. Adnan Chilwan**

Dr. Chilwan currently serves as the Group CEO of DIB.

Dr. Chilwan has an extensive career spanning nearly two decades with reputed conventional and Islamic banks in the region including DIB, Dubai Bank, Commercial Bank of Qatar, Mashreq Bank, Abu Dhabi Islamic Bank and HSBC. Dr. Chilwan represents DIB on the boards of various strategic investments, subsidiaries and associates. He holds the position of President Commissioner at PT Bank Panin Dubai Syariah TBK whilst also serving as the Chairman of DIB Bank Kenya. He is also currently a member of the board of each of Tamweel, Deyaar Development, Liquidity Management Centre Bahrain and Dar Al Sharia.

In 2019, Dr. Chilwan was ranked number 1 by Forbes Middle East in their list of "Top Indian Leaders Making An Impact In The Middle East" for 2019. Dr. Chilwan also received the "CEO Leadership Achievement Award 2019" from The Asian Banker. AsiaOne Magazine awarded him 'Global Indian of the Year 2018' in the Global Leadership Category (2017-2018) of the Pride of the Nation Series Awards and Business Summit in India.

Dr. Chilwan has a PhD and an MBA in Marketing. He is a Certified Islamic Banker (CeIB), a post graduate in Islamic Banking and Insurance and an Associate Fellow Member in the Islamic Finance Professionals Board.

### **Mr. Obaid Al Shamsi**

Mr. Al Shamsi has served as the Chief Operating Officer at DIB since May 2019.

Mr. Al Shamsi has over 21 years of multi-functional experience within DIB. Prior to his appointment as the Chief Operating Officer, Mr. Al Shamsi was Chief of HR & Admin where he oversaw the strategy development and deployment of human resource and administration.

Mr. Al Shamsi also serves as a board member of each of Emirates Institute for Banking and Financial Studies, Al Bustan Centre & Residence, Tamweel, BoK, Al Tanmyah Services and DIB Pakistan.

He holds Master of Business Administration (MBA) degree from Middlesex University, United Kingdom.

### **Mr. Nasser Abdulla Al Awadhi**

Mr. Al Awadhi has served as the Chief of Consumer Banking at DIB since March 2018.

Mr. Al Awadhi has over 24 years of multi-functional experience within DIB and its subsidiaries. Prior to his appointment as the Chief of Consumer Banking, Mr. Al Awadhi was the head of the Strategic Relations department at DIB. He has previously also held the roles of Chief Business Officer at Tamweel and Chief Executive Officer at Dubai Islamic Financial Services, a DIB subsidiary.

Mr. Al Awadhi is a UAE national and graduated from Al Ain University, UAE, with a BSc (Hons) in Public Administration and Accounting.

### **Mr. Naveed Ali**

Mr. Ali has served as Chief of Corporate Banking at DIB since 2007.

Mr. Ali has more than 30 years of banking experience with both conventional and Islamic banks. Before joining DIB, Mr. Ali served in Bank of America in Pakistan and Mashreq Bank in Dubai, as Vice President in the Corporate Banking Group.

Mr. Ali holds a BSc degree.

**Mr. Mohammed Saleem**

Mr. Saleem has served as Chief of Treasury at DIB since July 2006.

Mr. Saleem has over 36 years of banking experience with both conventional and Islamic banks, including Standard Chartered Bank (Pakistan and UAE), Société Générale (Bangladesh and Pakistan) and Union National Bank (UAE). Before joining DIB, Mr. Saleem was Treasurer at Standard Chartered Bank (Pakistan).

Mr. Saleem also serves as a board member and Deputy Chairman on the Board of DIB Pakistan.

Mr. Saleem holds a degree in Commerce.

**Mr. Hamid Butt**

Mr. Hamid Butt has 40 years of experience in banking including 15 years within the GCC. Prior to DIB, Mr. Butt headed the Investment Banking division at Noor Bank.

Mr. Butt has also worked at Abu Dhabi Islamic Bank as the COO Wholesale Banking from 2012 to 2015 and as UAE Corporate Banking Head from 2015 to 2017. Prior to that, he was the Chief Risk Officer of International Bank of Qatar from 2011 to 2012. Mr. Butt spent over 27 years with Citibank including roles in its Fixed Income, Investment and Corporate Banking and Risk Management divisions.

Mr. Butt also served as Citibank's Regional Risk Head for the Gulf, Levant and Pakistan from 2000-2002.

**Mr. Nagaraj Ramakrishnan**

Mr. Ramakrishnan has served as Chief Credit Officer at DIB since April 2019.

Mr. Ramakrishnan has over 25 years of banking experience across various functions including business management, credit, risk policy and process and operations. Before joining DIB, Mr. Ramakrishnan was Senior Vice President Group Credit with Emirates NBD (UAE) and previously with Standard Chartered Bank in India and Malaysia.

Mr. Ramakrishnan holds a Bachelor's degree in Commerce and a Chartered Accountant qualification from India.

**Mr. Chandra Mohan Ganapathy**

Mr. Ganapathy has served as the Group Chief Risk Officer of DIB since August 2020 overseeing the various risk management functions across the Group.

Mr. Ganapathy has over 29 years of experience in financial services including 24 years in risk management. Before joining DIB, Mr. Ganapathy held the position of Group Head of Risk Management at Ahli United Bank BSC and Chief Risk Officer at International Bank of Qatar and Commercial Bank of Kuwait.

He holds the CFA Charter from the CFA Institute, Financial Risk Manager (FRM) and Professional Risk Manager (PRM) certifications from Global Association of Risk Professionals (GARP) and Professional Risk Managers International Association (PRMIA), respectively, and holds a Certificate in Quantitative Finance (CQF) from Fitch Learning. He is also an Associate Chartered Accountant (ACA) with the Institute of Chartered Accountants in India.

**Mr. Salman Liaqat**

Mr. Liaqat has served as Chief of Strategy and Investor Relations at DIB since January 2016.

Mr. Liaqat worked with Standard Chartered Bank in their Regional Office for Middle East and South Asia based in the UAE and Standard Chartered Pakistan, holding senior positions including Head of Finance for Pakistan. Prior to his appointment as Chief of Strategy and Investor Relations in January 2016, Mr. Liaqat served as Head of Finance at DIB since September 2012 and Senior Vice President Finance prior to that. Mr. Liaqat has over 30 years of banking experience with both conventional and Islamic banks. Mr. Liaqat holds a

Bachelor's degree in Commerce, is a qualified Chartered Accountant and Fellow Member of Institute of Chartered Accountants of Pakistan.

Mr. Liaqat serves as a board member of DIB Pakistan.

#### **Mr. Sanjay Malhotra**

Mr. Malhotra was appointed as Chief Digital & Innovation Officer in March 2018. Prior to this role, he was Chief of Consumer Banking for DIB from February 2015 to February 2018.

Mr. Malhotra holds a Master of Management, an integrated MBA (Finance) & Engineering Degree Program from Birla Institute of Technology & Science, BITS Pilani. During his 30 years' experience, he has worked in India and the Middle East with prominent banks, including Citibank, ANZ Grindlays, National Bank of Kuwait, Arab Bank and National Bank of Oman. These engagements covered consumer banking, wealth management, business banking, regional strategy, merger & transformation, digital, technology and compliance.

#### **Mr. John Macedo**

Mr. Macedo was appointed as Chief Financial Officer of DIB in January 2016. Before joining DIB, Mr. Macedo was Chief Financial Officer of Saudi Hollandi Bank (Saudi Arabia) for 8 years and Director –Finance of Standard Bank (South Africa) for 7 years.

Mr. Macedo holds an Executive MBA, a Bachelor of Accounts degree (Honors with distinction), Bachelor of Accounts (Certificate in the Theory of Accounting) with distinction and is a Professional Chartered Accountant of South Africa. He has more than 21 years of experience in the area of finance and audit.

#### **Mr. Volkan Pekince**

Mr. Volkan Pekince has 21 years of international professional experience in banks across various regions and jurisdictions. Prior to joining DIB, Mr. Volkan headed the Audit Department at National Commercial Bank in Saudi Arabia. Mr. Volkan also worked at HSBC – London from 2007 to 2015 and HSBC Turkey from 2003 to 2006.

Mr. Volkan holds a Bachelor Degree in Electrical & Electronics Engineering.

#### **Fatwa and Sharia Supervisory Board**

The Sharia Board comprises scholars of high repute with extensive experience of and exposure to law, economics and banking systems in various jurisdictions. The Sharia Board is appointed by DIB's shareholders at a general assembly meeting and its responsibilities include supervising the development of new and innovative Sharia-compliant products, issuing Fatwas (Sharia edicts) on any matter proposed to it by business units of the Group through Dar Al Sharia, ensuring through internal Sharia auditors that the transactions of the Group are carried out in compliance with the Fatwas issued by the Sharia Board, and providing guidance on any matter referred to it by DIB's management.

The Sharia Board works closely with the internal Sharia Control department as well as Dar Al Sharia (a DIB subsidiary established in 2007 and engaged in providing Islamic finance consultancy to the industry). Dar Al Sharia assists in developing new Sharia compliant products (including their structure, process and documentation), reviewing structure and documentation for sukuk, syndication and fund transactions, and obtaining ongoing guidance and approval from the Sharia Board. Dar Al Sharia is comprised of a number of highly qualified and experienced lawyers, bankers and Sharia scholars with expertise in Islamic banking and finance.

The Sharia Board submits an annual report to the General Assembly of DIB's shareholders and the Board summarising issues, if any, which have been referred to it, as well as its opinion on the Group's overall functioning during the fiscal year under review. The Sharia Board's annual report is included in the Group's annual audited financial statements.

The following table sets out the names of the current Sharia Board:

<b>Name</b>	<b>Position</b>
Dr. Mohamed Ali Elgari .....	Chairman
Dr. Muhammad Abdulrahim Sultan Al Olama .....	Member
Dr. Mohamad Akram Laldin .....	Member
Dr. Ibrahim Ali Al Mansoori.....	Member
Dr. Muhammad Qaseem .....	Member

Detailed below is brief biographical information on the members of the Fatwa and Sharia Supervisory Board.

#### **Professor Dr. Mohamed Ali Elgari**

Dr. Mohamed Ali Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in Saudi Arabia. Dr. Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIFF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member of the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London) and the advisory board of Harvard Series in Islamic Law, Harvard Law School.

Dr. Elgari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Sharia board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting & Auditing Organisation for Islamic Financial Institution (AAOIFI).

Dr. Elgari holds a PhD in Economics from the University of California, USA.

#### **Sheikh Dr. Mohammad Abdul Rahim Sultan Al Olama**

Dr. Al Olama is a member of the Grand Islamic Scholars Body in Dubai, an Associate Professor of the School of Sharia at the United Arab Emirates University in Al Ain and an acknowledged expert in Islamic finance. Dr. Al Olama is also the head of the Fatwa Committee of the Zakat Funds in the UAE.

He currently serves on a number of Sharia boards representing Islamic financial institutions and takaful companies.

Dr. Al Olama has written extensively on modern Islamic finance and has presented numerous research papers at various international conferences.

Dr. Al Olama holds a PhD in Comparative Islamic Law from Umm Al Qurra University in Mecca, Saudi Arabia.

#### **Prof. Dr. Mohamad Akram Laldin**

Prof. Dr. Mohamad Akram Laldin is currently the Executive Director of the International Sharia Research Academy for Islamic Finance. At present, he is a Member of Bank Negara Malaysia's Sharia Advisory Council (SAC), a Member of the Sharia Advisory Employees Provident Fund (EPF), a Member of HSBC Amanah's Global Sharia Advisory Board, a Member of the Yassar Limited (Dubai) Sharia Advisory Board, a Member of the EAB (London) Sharia Advisory Board, Chairman of the Islamic Advisory Board of HSBC Insurance Singapore, Sharia Advisor to ZI Syariah Advisory Malaysia, a Member of Sharia Advisory Council International Islamic Financial Market (IIFM), Bahrain, a Committee member of AAOIFI Sharia Standards, Bahrain and other Boards across the globe. He is also the Member of the Board of Studies of the Institute of Islamic Banking and Finance, IIUM.

Dr. Akram holds a B.A. Honours degree in Islamic Jurisprudence and Legislation from the University of Jordan, Amman, Jordan and a Ph.D. in Principles of Islamic Jurisprudence (Usul al-Fiqh) from the University

of Edinburgh, Scotland, United Kingdom. He has presented many papers related to Islamic Banking and Finance and other Fiqh topics and has conducted many training sessions particularly on Islamic Banking and Finance for different sectors since 1999. He is also a prolific author of academic works specifically in the areas of Islamic Banking and Finance. He received the Zaki Badawi Award 2010 for Excellence in Sharia Advisory and Research. He has participated and presented papers in numerous local and international conferences.

#### **Dr. Ibrahim Ali Al Mansoori**

Dr Ibrahim Ali Abdullah Al-Mansoori is a prominent Sharia scholar from the UAE with an active focus on the Islamic banking and finance industry. He is currently serving as Director of Sharjah Islamic Center for Economy & Finance Studies and is the Assistant Professor of Economy & Islamic Banks at the University of Sharjah.

Dr Al-Mansoori is currently serving as the Chairman of Internal Sharia Supervision Committee (**ISSC**) of Al Hilal Bank and a member of various ISSCs of Islamic financial institutions.

Dr Al-Mansoori holds a Ph.D. in Economics & Islamic Banking, as well as two Masters degrees in Economics & Islamic Banking and Pedagogical Psychology. He has authored various research papers on contemporary matters relating to Islamic Banking.

#### **Dr. Muhammad Qaseem**

Dr. Qaseem holds a PhD (Islamic Studies) from the Faculty of Usul ud Dinis, University of Karachi. He has been a member of the Sharia boards of many other institutions. Dr. Qaseem has taught various courses for a number of B.A. and M.A. programmes of the International Islamic University, Islamabad.

Dr. Qaseem has produced many academic contributions, articles and literary and translation works.

#### **EMPLOYEES (EXCLUDES OUTSOURCED STAFF)**

As at 31 December 2020, DIB had 1,761 employees compared to 1,726 employees as at 31 December 2019 and 1,763 employees as at 31 December 2018.

DIB places a significant focus in supporting the UAE's emiratization agenda that has a goal to increase UAE nationals working in the public and private sector by a factor of ten. DIB's emiratization ratio has grown over 45 years to make up almost half its total employees. As at 31 December 2020, the total number of Emiratis in DIB reached 890 compared to 685 Emiratis as at 31 December 2019 and 692 Emiratis as at 31 December 2018. DIB remains on track to meet the emiratization target set by the Central Bank, and is a strong believer in the fact that emiratization has had a positive impact on its growth and success, as well as the UAE's overall social and economic development.



## THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

### SUMMARY

Within the UAE as a whole, the financial and insurance activities sector was estimated to have contributed approximately 8.0 per cent. of real GDP in 2019, according to preliminary estimates published by the Federal Competitiveness and Statistics Authority.

The table below provides a statistical analysis of the UAE banking sector as at 30 September 2020, 31 December 2019, 31 December 2018 and 31 December 2017. Figures for 30 September 2020 are preliminary.

	As at 30 September		As at 31 December	
	2020	2019	2018	2017
Total number of banks <sup>(1)</sup> .....	48	48	49	49
Total number of branches <sup>(1)</sup> .....	637	735	823	853
Total gross credit <sup>(2)</sup> (AED billion) .....	1,805	1,759	1,656	1,580
Total deposits (AED billion) .....	1,907	1,870	1,756	1,580
Total assets (AED billion) .....	3,253	3,083	2,869	2,695

Notes:

- (1) Excluding wholesale foreign banks, of which there were 11 as at 30 September 2020 and 31 December in each of 2019 and 2018 and 12 as at 31 December 2017.
- (2) Extended to residents and non-residents. Excludes interest in suspense.

Source: Central Bank

### THE CENTRAL BANK

The Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. Federal Law No. 14 of 2018 (the **2018 Law**) empowers the Central Bank to license and regulate banks and non-banking financial institutions under the law's objective of safeguarding the stability of financial system in the UAE. The other objectives set out in the 2018 Law are maintaining stability of the dirham and prudently managing the Central Bank's foreign reserves.

The 2018 Law also grants the Central Bank a range of powers, including powers to:

- issue currency and conduct monetary policy;
- organise and license financial institution, including the power to penalise violations of law or regulation;
- monitor credit conditions to achieve balanced growth of the economy;
- maintain a minimum cover ratio of foreign currency assets (at least 70 per cent. of the monetary base) to safeguard the credibility of the fixed currency peg; and
- regulate and maintain the soundness of the systemically important financial infrastructure systems, including electronic payment systems, digital currency, and stored value facilities.

The Central Bank is also empowered to determine any measures and actions necessary for the protection of financial institutions and their depositors in order to minimise the effect that a deficiency in their financial position may have on the financial system as a whole.

The Central Bank and the Ministry of Finance, in coordination with the finance departments of individual emirates, are also requested to establish a mechanism for coordination and data sharing to ensure a consistent fiscal stance to counter unexpected external shocks in order to achieve the UAE's target for real annual non-oil GDP growth.

## **SUPERVISION OF BANKS IN THE UAE**

The Central Bank's supervisory objective, consistent with the Basel Committee for Banking Supervision's core principles for effective banking supervision, is to promote the safety and soundness of licensed institutions as well as the banking and financial market. In so doing, the Central Bank aims to protect the rights of depositors, promote transparency and fair dealing by financial institutions in relation to their customers and counterparties and ensure effective market discipline.

Using a risk-based supervision approach, the Central Bank assesses the risk management policies and practices used by licensed institutions to control, reduce and mitigate risk. Risk-based supervision focuses the level of supervisory attention on those risk areas that pose the greatest risk to the banks' safety and soundness. It also supports the Central Bank in achieving its regulatory objectives, while taking into account the need to employ its resources in the most efficient and effective manner.

Through a mix of on-site and off-site supervision, the Central Bank seeks to evaluate the condition of licensed institutions, their risk profile, their risk management processes, their internal control environment and the corrective measures necessary to address any supervisory concerns. The specific mix between on-site and off-site supervision is determined by the condition of the licensed institution, the quality of the prudential data reported for off-site supervision and the significance of the institution to the financial stability of the banking and financial market. As the maturity of the management and quality in reporting of the licensed institutions increases, the Central Bank aims to place increased reliance on off-site monitoring, although the overall supervision strategy is set for each individual licensed institution based on its complexity, risk profile and potential impact on the safety and soundness of the financial system as well as any impact on the supervisory objectives.

The Central Bank is also tasked with sponsoring anti-money laundering activities in the UAE. The UAE financial intelligence unit, known as the Financial Intelligence Department, is located within the Central Bank and the Governor of the Central Bank is also the chairman of the National Anti-Money Laundering and Combating Financing of Terrorism Committee in the UAE. AML/CTF legislation in the UAE was amended in November 2018 and the Central Bank enhanced the risk-based AML/CTF supervision of banks, exchange houses and other relevant entities and is increasing its efforts to ensure licensed financial institutions desist from dealing with sanctioned individuals and monitor and report execution of suspicious transactions.

In July 2019, the UAE undertook the second round of mutual evaluation of its AML/CFT Framework with a joint team of assessors from the Financial Action Task Force and the Middle East and North Africa Financial Action Task Force. The UAE ranks 21 on Transparency International's Corruption Perceptions Index 2020, which ranks 179 countries in terms of their perceived level of public sector corruption. In early 2019, the UAE authorities finalised a national risk assessment shared with key stakeholders, and conducted outreach programmes. The output of the national risk assessment was embedded in the Central Bank's risk-based supervisory approach.

## **STRUCTURE OF THE BANKING SYSTEM**

Banking institutions in the UAE fall into a number of categories. The main categories are (i) domestic commercial banks (which category excludes investment banks), also known as national banks, of which there were 21 as at 30 June 2020 and (ii) licensed foreign commercial banks (which category excludes wholesale foreign banks), of which there were 27 as at 30 June 2020.

"Financial institutions" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities but are not permitted to accept funds in the form of deposits), investment banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers) may also be licensed to operate within the UAE.

## **CHARACTERISTICS OF THE BANKING SYSTEM**

### **Limited progress towards consolidation**

The UAE may be, and has historically been, seen as being over-banked with 48 banks (comprising 21 locally incorporated banks and 27 foreign banks (excluding 11 foreign wholesale banks)) licensed to operate inside the UAE as at 30 September 2020 (source: the Central Bank), serving a population estimated to be in the region of approximately 9.5 million people at the end of 2019 (source: Federal Competitiveness and Statistics Authority). Traditionally there has been little impetus for consolidation. However, mergers in the past have tended to come as a result of banks facing financial difficulties. The federal structure of the country has, to some extent, encouraged the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also hampered the process of consolidation. As a result, between the October 2007 merger of the Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C., and the April 2017 merger between National Bank of Abu Dhabi P.J.S.C. and First Gulf Bank P.J.S.C. there was limited merger activity domestically in the sector. In May 2019, there was a three-way merger between Abu Dhabi Commercial Bank PJSC, Al Hilal Bank P.J.S.C. and Union National Bank P.J.S.C. and, in January 2020, DIB completed its acquisition of Noor Bank.

If consolidation continues it may reduce the level of concentration in the domestic banking sector and lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as information technology system development.

In addition, the advent of WTO liberalisation should allow greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, possibly even creating banks with pan-Gulf franchises.

### **Domestic focus**

The UAE incorporated banks are predominantly focused on the domestic market but a number have small operations overseas and are showing growing interest in cross-border business, a trend which is likely to continue in the event of further merger activity in the sector. With a large number of banks competing for a limited number of wholesale lending opportunities, most banks have turned to retail banking, a previously untapped market. However, increasing competition in this area is gradually eroding margins and encouraging a relaxation of lending criteria. As the market has been tested only to a limited extent under adverse conditions, it is difficult to predict the future likelihood of asset quality problems.

Expansion of retail operations has required heavy investment in distribution channels, particularly ATM networks, kiosks and telephone and Internet banking services. As a consequence, IT and premises costs have been a prominent feature of many banks' expenses in addition to employee costs.

### **Limited foreign ownership**

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. However, three banks of GCC state origin, National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the Central Bank following an agreement to allow market access to banks of GCC state origin in line with continuing efforts in regional integration.

The opening of the DIFC has enabled international banks to establish a presence and compete in the wholesale banking market and this has seen new entities entering the market place.

### **Exposure to the oil sector**

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices. In particular, oil revenues tend to drive

levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements.

### **Islamic banking**

Sharia law forbids the charging of interest on any financial transaction. A number of banks, including DIB, have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest.

The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include DIB, Abu Dhabi Islamic Bank, Emirates Islamic Bank, Al Hilal Bank, Sharjah Islamic Bank, Ajman Bank, Dubai Islamic Insurance & Reinsurance Company (AMAN), Islamic Arab Insurance Co., Tamweel and Amlak Finance. The number of Islamic finance institutions continues to rise, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks. In addition, conventional financial institutions often offer Sharia-compliant products.

### **Legal environment**

There are three primary sources of law in the UAE: federal laws and decrees, local laws and Sharia law. In addition, Emiri decrees can be issued by the Rulers of each of the Emirates which, when issued, have full legal effect and operation in such Emirate. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of a given Emirate or local government will apply his or its own rules, regulations and practices.

### **Lack of developed capital markets**

The absence of mature bond or equity markets in the UAE means that banks have often shouldered the burden of long-term financing. This has tended to create a maturity mismatch in their balance sheets, as most of their liabilities are short-term customer deposits. Although the two stock markets, the Dubai Financial Market and the Abu Dhabi Securities Exchange (both of which were established in 2000), have grown rapidly over recent years and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index in 2014, they continue to experience bouts of volatility.

During 2002, the Government of Dubai issued a decree establishing the DIFC. The DIFC, located in Dubai, is a free trade zone and financial services centre focusing on private banking, asset management, investment banking, re-insurance activities, Islamic finance, securities trading and back office operations. The DIFC has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. Nasdaq Dubai (formerly known as the Dubai International Financial Exchange) is a securities exchange located in the DIFC which commenced operations on 26 September 2005. In May 2011, the DFM acquired two thirds of the shares in Nasdaq Dubai, in accordance with plans announced in December 2009 to consolidate markets. The two markets linked their platforms in July 2010, through the outsourcing by Nasdaq Dubai of its trading, clearing, settlement and custody functions for equities to DFM's systems. Responsibility for maintaining Nasdaq Dubai's Official List was transferred to the Dubai Financial Services Authority with effect from 1 October 2011.

### **Government involvement**

Most of the larger banks in the UAE have some degree of government ownership. Privatisation, though advocated in principle, has been slow to happen in practice. The state and its related entities are also the banking sector's largest customer, in terms of both deposits and project financing.

### **Expatriate workforce**

The UAE economy is reliant on overseas labour. The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, to ensure increased representation of Emiratis in the UAE financial

sector (overall as well as in critical roles) and to support their professional development, the Central Bank has introduced a point-based scoring system as part of its Emiratisation policy, which takes into account the employment and progression of Emirati employees in the organisation. The minimum threshold for Emirati employees for each institution is dependent on a number of factors. The Emiratisation Circular does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties which are computed in accordance with a specific formula set out in the Emiratisation Circular.

### **Accounting standards**

All UAE banks are required to prepare their financial statements in accordance with IFRS.

### **Shari'a compliance**

Islamic banking regulations requires financial institutions licensed by the Central Bank to operate their business activities in compliance with the rules, standards and general principles established by the Higher Shari'a Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the Higher Shari'a Authority before undertaking certain licensed financial activities.

## **RECENT TRENDS IN BANKING**

### **Liquidity**

The Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have adequate systems and controls to manage their liquidity positions, as well as contingency plans to cope with periods of liquidity stress. Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after six months.

Most UAE banks are funded through on demand, time or savings customer deposits made by private individuals or UAE non-governmental entities. Based on Central Bank data, these deposits together constituted 63 per cent. of total domestic deposits (excluding commercial prepayments and borrowings under repurchase agreements) of the national banks in the UAE banking sector at 30 June 2020. Government deposits contributed 20 per cent. of the total domestic (excluding commercial prepayments and borrowings under repurchase agreements) deposits of the national banks in the UAE banking sector at 30 June 2020.

There is currently no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number of banks were restructured by the authorities and, in May 2011, Dubai Bank was taken over by the Government of Dubai. In response to the global financial crisis, both the Central Bank and the UAE federal government provided assistance to UAE banks and further assistance has been announced in response to the COVID-19 pandemic, see "- COVID-19" below.

In line with Basel III requirements, the Central Bank issued Central Bank Notice No. 33/2015 on liquidity requirements on 27 May 2015, which entered into force in the UAE on 1 July 2015 (replacing Central Bank Notice No. 30/2012) (the **Liquidity Notice**). The Liquidity Notice includes a set of qualitative, quantitative and reporting requirements for UAE banks on liquidity risk management. The qualitative requirements set out elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with Basel Committee recommendations and international best practices. These requirements include the following:

#### *Responsibilities of the board of directors:*

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having detailed understanding of liquidity risk management; and

- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

*Responsibilities of senior management:*

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the Board;
- to review the UAE bank's strategy and to report to the Board on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

*Liquidity risk framework:*

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide), results being communicated to the Board and the Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). The requirements included two interim ratios which applied until the Basel III LCR and NSFR came into effect:

	<b>Ratio</b>	<b>Applicability Period</b>
Interim ratios:	Eligible Liquid Assets Ratio (ELAR $\geq$ 10%)	1 July 2015 until LCR implementation for approved banks
	Advances to Stable Resources Ratio (ASRR $<$ 100%)	30 September 1986 until NSFR implementation for approved banks
Basel III ratios:	Liquidity Coverage Ratio (LCR $>$ 100%)	Effective transition from 1 January 2016 for approved banks
	Net Stable Funding Ratio (NSFR $<$ 100%)	Effective January 2018 for approved banks

DIB measures its risk using the Basel III ratios.

The LCR represents a 30 day stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 day stress scenario. The LCR requires that banks should always be able to cover the net cash outflow with eligible high quality liquid assets at the minimum LCR determined by the Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible liquid assets for this purpose. As noted under "- COVID-19" below, as part of the TESS, banks that are subject to the LCR are able to fall below the regulatory LCR requirement of 100 per cent. provided that their LCR is higher than or equal to 70 per cent.

The Net Stable Funding Ratio (**NSFR**) is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. The NSFR also requires an amount of stable funding to cover a portion of the relevant bank's contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding (**ASF**) factors to the sources of funds and required stable funding (**RSF**) (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned RSF factor depends on the liquidity and tenor of the asset being funded. Both factors follow the Basel III NSFR standard.

### **Interim marginal lending facility (IMLF)**

On 15 April 2014, the Central Bank introduced the IMLF which allows non-Islamic UAE banks to use certain rated or UAE federal government entity-issued assets to access Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

The IMLF lets lenders use certain assets as collateral to obtain one-day overnight loans from the Central Bank. Eligible assets that can be used as collateral must be tradeable and include bonds, sukuk and securities issued by the UAE federal government or government-related entities in individual Emirates, as well as by UAE banks and corporations. Securities issued by foreign governments, banks, corporates and supranational agencies can also be used as collateral, but must carry a minimum 'A' credit rating from one of the three main international rating agencies. Banks accessing the IMLF must borrow a minimum of AED 10 million and will be charged 100 basis points over the official UAE "Repo Rate".

### **Capital adequacy**

As part of the introduction of Basel III in the UAE (see further below), and pursuant to the February 2017 Regulations and the Accompanying Standards (each as defined below), banks in the UAE are required by the Central Bank to maintain a minimum CET 1 ratio of 10 per cent. and a total capital adequacy ratio of 13.5 per cent. (in each case including the buffers referred to below). The buffers referred to above are (i) a domestic systemically important bank buffer (**D-SIBB**) of 0.50 per cent. for banks, such as DIB, which are determined to be domestic systemically important banks and (ii) a capital conservation buffer of 2.5 per cent. In addition, a counter-cyclical capital buffer (**CCCB**) must be maintained at a level determined by the Central Bank between 0 – 2.5 per cent. of risk weighted assets. The CCCB is not yet in effect and was not required to be maintained in 2020.

As noted under "- COVID-19", as part of the TESS, banks are able to utilise 100 per cent. of their D-SIBB and 60 per cent. of their capital conservation buffer without supervisory consequences until 31 December 2021. In addition, the Central Bank will allow banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024. Furthermore, the planned implementation of certain Basel III capital requirements has been postponed until 31 March 2021.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 100 per

cent. Under the 2018 Federal Law, the Central Bank may determine reserve requirements for UAE banks. All dividends paid by UAE banks have to be authorised in advance by the Central Bank.

The Basel Committee put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III reforms, constituting guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the **January 2011 Press Release**) included an additional Basel III requirement (the **Non-Viability Requirement**) as follows:

"The terms and conditions of all non-common Tier I and Tier II instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (i) the governing jurisdiction of the bank has in place laws that:
  - (a) require such Tier I and Tier II instruments to be written off upon such event; or
  - (b) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (ii) a peer group review confirms that the jurisdiction conforms with clause (i); and
- (iii) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (i).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

The Basel III Regulations and the Accompanying Standards confirm that the Non-Viability Requirement is a pre-requisite for any capital instruments issued by UAE banks to achieve Regulatory Capital classification from the Central Bank. The Non-Viability Requirement must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Prospectus.

In May 2016, the Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the **Consultation Document**), detailing the Basel III requirements expected to be followed by banks operating in the UAE, once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (together, **Regulatory Capital**). It also outlines, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

On 23 February 2017, Central Bank published the "Regulations re Capital Adequacy" (the **Basel III Regulations**) in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document.



The Basel III Regulations are supported by the accompanying standards which were published by the Central Bank on 17 January 2018 in the Circular No. 28/2018 entitled "Standard re Capital Supply" (the **Accompanying Standards**). The Accompanying Standards elaborate on the supervisory expectations of the Central Bank with respect to the relevant Basel III capital adequacy requirements. Banks which are classified as domestic systemically important banks by the Central Bank will be required to hold additional capital buffers as notified to it by the Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a supervisory review and evaluation process of the Central Bank.

The Central Bank's Standard Re Tier Capital Instruments dated 29 March 2018 (the **TCI Standard**) requires that a periodic distribution on an additional tier 1 instrument should be cancelled if the relevant UAE bank does not have sufficient "Distributable Items" on the relevant date for payment of (i) such periodic distribution and (ii) certain other payment obligations.

### **Reserve requirements**

Reserve requirements are used by the Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements set a mandatory cash reserve of 14 per cent. of all current, call and savings deposits and 1 per cent. of all time deposits, respectively, based on balances calculated on the 15th of each month. As noted under "- COVID-19" below, as part of the Central Bank's stimulus package in response to COVID-19, the minimum reserve requirement for all current, call and savings deposits has been decreased from 14 per cent. to 7 per cent.

### **Credit controls**

Banks in the UAE are required by the Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

The Central Bank circular dated 23 February 2011 (the **Retail Circular**) on retail banking and Notice No. 31/2013 dated 28 October 2013 (which was published in the Official Gazette on 28 November 2013 and entered into force on 28 December 2013) (the **Mortgage Regulations**), introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan to value ratios for retail products. For example, the regulations require that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. Additionally, the Mortgage Regulations specify that the amount of mortgage loans for non-UAE nationals should not exceed 75 per cent. of the property value for a first purchase of a home (with a value of less than or equal to AED 5 million), 65 per cent. of the property value for a first purchase of a home (with a value greater than AED 5 million) and 60 per cent. of the property value (irrespective of the value of the property) for second and subsequent homes. For UAE nationals, the corresponding limits are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

### **Large exposures**

The Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits.

On 17 November 2013, the Central Bank published a circular (the **2013 Large Exposures Limits Circular**) amending certain large exposure limits. The 2013 Large Exposure Limits Circular introduced limits of 100 per cent. of a bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the Central Bank.

Set out below is a table showing a summary of the changes introduced by the 2013 Large Exposure Limits Circular (defined as a percentage of the bank's capital base calculated under Basel II):

	New Limit		Old Limit	
	Individual	Aggregate	Individual	Aggregate
		(percentage)		
UAE federal government and their non-commercial entities	N/A	N/A	Exempt	Exempt
UAE local government	N/A	100	Exempt	Exempt
UAE local government non-commercial entities	25	100	Exempt	Exempt
Commercial entities of federal government and UAE local governments	25	100	25	None
Single borrowers or a group of related borrowers	25	N/A	7	N/A
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20	50	7	None
Exposure to bank's subsidiaries and affiliates	10	25	20	60
Board members	5	25	5	25

### Provisions for loan losses

For UAE banks, IFRS 9 was introduced for financial reporting periods commencing on 1 January 2018, replacing IAS 39 and introducing an ECL model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. IFRS 9 provision uses a three stage approach in recognising increased credit risk at each stage of risk (i.e., stage 1 for current facilities, stage 2 for significant increase in credit risk and stage 3 for impaired loans).

On 27 March 2020, the IASB issued a guidance note, advising that both the assessment of a significant increase in credit risk and the measurement of ECLs are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort. In assessing forecast conditions, consideration should be given both to the effects of COVID-19 and the significant government support measures being undertaken.

As noted under "- COVID-19" below, the IFRS 9 staging and classification of loans of customers that are stage 1 and are receiving relief is expected to remain unchanged during the period of the scheme and not downgraded. In addition, a part of the Central Bank's stimulus package in response to COVID-19, banks are able to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

### Risk management

In June 2018, the Central Bank published its "Risk Management Regulation" and "Risk Management Standards" for UAE banks. The purpose of these regulations and standards is to establish a prudential framework for risk management in banks and to strengthen risk management across the banking sector. The areas covered by these standards are (a) risk management function, (b) risk measurement and use of models,

(c) stress testing, (d) information systems, (e) strategic and operational decisions, (f) group risk management, (g) disclosures, and (h) Islamic banking. For details of DIB's implementation of these regulations and standards, see "*Risk Management – Change in Risk Management Regulation*".

## **ESTABLISHING A CREDIT BUREAU IN THE UAE**

Al Etihad Credit Bureau (**AECB**) is a federal government organisation specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements (as DIB has done) and/or made successful initial data submissions to AECB by the time AECB commenced operations. The implementation of regulations for the sharing of credit report data and the commercial operation of the UAE's first credit bureau is expected to reduce the risk involved in the origination of customer lending and banking business generally.

## **COVID-19**

In response to the COVID-19 outbreak (see "*Risk Factors – Risks relating to DIB – The Group's business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions and the impact of COVID-19 on the UAE's economy is likely to materially adversely impact the Group*"), effective from 15 March 2020, the Central Bank has implemented the Targeted Economic Support Scheme (**TESS**), which includes a range of measures aimed at mitigating the economic effects of COVID-19 on the UAE economy. The TESS and other accompanying stimulus measures include (in addition to cutting interest rates as discussed in the risk factor referenced above):

### **TESS**

- allowing banks operating in the UAE access to liquidity, against collateral, extended at zero cost by the Central Bank until 31 December 2020, the proceeds of which are to be used by UAE banks to grant temporary relief to private sector corporate customers and retail clients;
- whilst keeping the existing 2.50 per cent. capital conservation buffer and the D-SIBB in place, allowing banks to utilise 60 per cent. of their capital conservation buffer and 100 per cent. of their D-SIBB without supervisory consequences until 31 December 2021, subject to having fully utilised the limit available under the zero cost facility of the TESS described above;
- allowing banks that are subject to the LCR to fall below the regulatory LCR requirement of 100 per cent., provided that their LCR is higher than or equal to 70 per cent., while other banks that are subject to the ELAR are able to fall below the regulatory ELAR requirement of 10 per cent., provided that their ELAR is higher than or equal to 7 per cent., with such changes to the LCR and ELAR applicable until 31 December 2021, subject to having fully utilised the limit available under the zero cost facility of TESS described above;
- allowing banks that are subject to NSFR to fall below the regulatory NSFR requirement of 100 per cent., provided that their NSFR is higher than or equal to 90 per cent., while other banks are allowed to go above the regulatory ASRR requirement of 100 per cent., provided that their ASRR is lower than or equal to 110 per cent., with such changes to the NSFR and ASRR being applicable until 31 December 2021 for all banks operating in the UAE; and
- expecting banks to leave unchanged and not downgrade the IFRS 9 staging and classification of customers who are receiving temporary relief linked to the TESS and are temporarily and mildly impacted by COVID-19, thereby having no significant impact on their creditworthiness. In the case of customers who are receiving temporary relief linked to the TESS but are expected to be significantly impacted by COVID-19 in the long-term, thereby having a significant impact on their creditworthiness, expecting banks to downgrade such customers to either stage two or stage three in accordance with IFRS 9.

***Further measures to support the UAE economy in response to COVID-19***

- decreasing the Central Bank's minimum regulatory cash reserve requirement for all current, call and savings deposits from 14 per cent. to 7 per cent.;
- postponing the planned implementation of certain Basel III capital requirements until 31 March 2021; and
- allowing banks to apply a prudential filter to IFRS 9 expected credit loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

## SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

*The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents (i) will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions) and/or (ii) may be provided by email to a Certificateholder following its prior written request to the Principal Paying Agent and the provision of evidence satisfactory to the Principal Paying Agent as to its holding of the relevant Certificates and identity.*

### Purchase Agreement

The Master Purchase Agreement was entered into on 7 November 2019 between DIB Sukuk Limited (in its capacities as Trustee and as Purchaser) and DIB (in its capacity as Seller) and is governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. A Supplemental Purchase Contract (together with the Master Purchase Agreement, each a **Purchase Agreement**) between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser, and the Purchaser will purchase from the Seller, (i) (on the issue date of the first Tranche of a Series) the relevant Initial Portfolio together with the transfer and assignment by the Seller to the Purchaser of all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Assets which comprise the relevant Initial Portfolio and (ii) (on each date on which any additional Certificates are issued) the relevant Additional Portfolio together with the transfer and assignment by the Seller to the Purchaser of all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Assets which comprise the relevant Additional Portfolio.

### Service Agency Agreement

The Service Agency Agreement was entered into on 7 November 2019 between DIB Sukuk Limited (in its capacity Trustee) and DIB (as Service Agent of each Portfolio) and is governed by English law.

### Services

Pursuant to the Service Agency Agreement, the Trustee has appointed the Service Agent to service the Portfolio applicable to each Series. In particular, the Service Agent will, in relation to each Series, perform, amongst other things, the following services (the **Services**) as agent of the Trustee:

- (a) it will service the Portfolio in accordance with the investment plan set out in the Schedule to the Service Agency Agreement (a copy of which will be scheduled to the relevant Supplemental Purchase Contract, which includes the annual amount of expected Portfolio Income Revenues (as defined below) of the Portfolio (the **Expected Portfolio Income Revenues Amount**), which shall be completed at the time of issue of the first Tranche of the relevant Series upon receipt from the Trustee of the relevant Supplemental Purchase Contract and shall be updated from time to time upon the issue of any further Tranche of the same Series;
- (b) it will ensure that, on the Issue Date of each Tranche of a Series at least 51 per cent. of the Value of the Initial Portfolio, or the Additional Portfolio, as the case may be, is derived from Tangible Assets;
- (c) it will use all reasonable endeavours to procure that, at all times following the Issue Date of the first Tranche of a Series, at least 51 per cent. of the Portfolio Value is derived from Tangible Assets and in the event that, at any time, the aggregate Value of the Tangible Assets comprised within the Portfolio should fall below 51 per cent. of the Portfolio Value, the Service Agent will use all reasonable endeavours to acquire as soon as reasonably practicable thereafter sufficient Tangible Assets to raise such percentage to a level that is equal to or greater than 51 per cent. of the Portfolio Value at such time (whether through the substitution, or procuring the substitution by DIB pursuant to the Sale Undertaking, of Tangible Assets for Intangible Assets or the acquisition for and on behalf of the Trustee pursuant to paragraph (e) below, of further Tangible Assets through the reinvestment of Portfolio Principal Revenues). A breach of this requirement will not, however, constitute a DIB Event;

- (d) it will at no time substitute any Asset(s) for any Asset(s) of a Value less than the Value of the Asset(s) so substituted;
- (e) it will, on behalf of the Trustee, ensure that arrangements are in place for the sale of any Salam Asset (as defined in the Master Purchase Agreement) to a third party purchaser following its delivery by the seller of the Salam Asset for an amount equal to the purchase price paid for such Salam Asset together with an amount of profit thereon;
- (f) it will use its best endeavours promptly to place (for and on behalf of the Trustee) all Portfolio Principal Revenues in acquiring, for and on behalf of the Trustee, further Tangible Assets and, to the extent insufficient Tangible Assets are available, to invest the cash sums representing such Portfolio Principal Revenues in Sharia Compliant Investments (being an investment product which is structured to comply with Sharia principles, including investment deposit with a Sharia compliant financial institution) until it can, using its best endeavours, place those sums in further Tangible Assets and such sums and Sharia Compliant Investments shall form part of the relevant Portfolio until they can be so placed;
- (g) it will do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers (and without the need for the consent of the Trustee) reasonably necessary to ensure the assumption of, and compliance by each Asset Obligor with its covenants, undertakings or other obligations under the Asset Contract to which it is a party in accordance with applicable law and the terms of the Asset Contract, in each case in respect of the Assets;
- (h) it will discharge or procure the discharge of all obligations to be discharged by DIB (in whatever capacity) in respect of any of the Assets under all Asset Contracts, it being acknowledged that the Service Agent may appoint one or more agents to discharge these obligations on its behalf;
- (i) it will pay on behalf of the Trustee any actual costs, expenses, losses and Taxes (as defined in the Service Agency Agreement) which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Portfolio, such actual costs, expenses, losses and Taxes will be reimbursed in accordance with the Service Agency Agreement;
- (j) it will use all reasonable endeavours to ensure the timely receipt of all Portfolio Revenues, the delivery and subsequent sale of Salam Assets, investigate non-payment of Portfolio Revenues and non-delivery of Salam Assets and generally make all reasonable efforts to collect or enforce the collection of such Portfolio Revenues under all Asset Contracts as and when the same shall become due;
- (k) it will ensure that all Portfolio Income Revenues are received free and clear of, and without withholding or deduction for, Taxes (as defined therein);
- (l) it will use all reasonable endeavours to ensure that the Portfolio Income Revenues are at least equal to the Expected Portfolio Income Revenues Amount;
- (m) it will maintain the Collection Accounts as described further under "*Collection Accounts*" below;
- (n) it will obtain all necessary authorisations in connection with any of the Assets and its obligations under or in connection with the Service Agency Agreement;
- (o) it will use its best endeavours to maintain the Portfolio Value at least equal to the outstanding face amount of the relevant Certificates; and
- (p) it shall use its reasonable endeavours to ensure that all Asset Obligors in respect of Tangible Assets maintain industry standard insurances and fulfil all structural repair and major maintenance obligations in respect of the relevant Tangible Assets (each in accordance with the terms of the relevant Asset Contracts relating to the Tangible Assets).

For the purposes of the Service Agency Agreement, **Value** means, in respect of any Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the spot rate of exchange

(as defined in the Service Agency Agreement)) determined by DIB on the relevant date as being equal to: (i) in the case of Tangible Assets which are leased on an *ijara muntahiah bittamleek* (financial lease) basis, the aggregate of all outstanding fixed rental instalment amounts payable by the lessee or other equivalent fixed instalment amounts payable by the obligor, in each case in the nature of capital or principal payments in respect of the relevant asset, (ii) in the case of Tangible Assets which are not leased on an *ijara muntahiah bittamleek* (financial lease) basis, the initial agreed value or the outstanding base amounts or other equivalent of aggregate fixed instalment amounts payable by the obligor or any other amounts in the nature of capital or principal payments in respect of the relevant asset, (iii) in the case of Other Tangible Assets, the outstanding capital or investment amounts, (iv) in the case of *ijara moussoofah fizzaimmah* (forward *ijara*) real estate and non-real estate assets, the base amounts or aggregate of outstanding fixed rentals, (v) in the case of *murabaha* receivables under a *murabaha* (sale of commodities or goods on a cost plus basis) contract, the outstanding payment amount, and (vi) in the case of Salam Assets, the extent of the sale price corresponding to the outstanding deliverable assets, in each case determined by DIB as being equal to the value of that Asset on each day on which it remains part of the relevant Portfolio, and **Portfolio Value** means the sum of (a) the Value of each Asset comprised in the Portfolio at the relevant time and (b) any Portfolio Principal Revenues held by the Service Agent at the relevant time.

### ***Records and documents***

The Service Agent has undertaken, in relation to each Series, that it will keep and maintain (and provide to the Trustee within 90 days of receiving a request in writing) all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due in respect of the Assets and all amounts credited to the Collection Accounts.

The Service Agent has agreed in the Service Agency Agreement:

- (a) to provide the Services in accordance with all applicable laws and regulations;
- (b) to provide the Services with the degree of skill and care that it would exercise in respect of its own assets; and
- (c) to service the Assets in accordance with Sharia principles as laid down by its Fatwa and Sharia Supervisory Board.

### ***Service Agency Liabilities Amounts and Fees***

The Trustee and the Service Agent have agreed that any Service Agency Liabilities Amounts incurred by the Service Agent in providing the Services in relation to a Series shall be paid by the Trustee by way of the application of amounts standing to the credit of the Income Collection Account by the Service Agent on the Trustee's behalf in payment of such amounts (as described below) or otherwise on the final Dissolution Date. For these purposes, **Service Agency Liabilities Amounts** means, in relation to each Series, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Service Agent or other payments made by the Service Agent on behalf of the Trustee in each case in providing the Services during a **Distribution Period** (being a period that corresponds with the relevant Return Accumulation Period under the Certificates), but does not include amounts in respect of Liquidity Facilities.

DIB is entitled to receive a fixed fee of U.S.\$100 for acting as Service Agent under the Service Agency Agreement. In addition, following payment of all amounts due and payable under the Certificates of each Series on the final Dissolution Date, the Service Agent is entitled to retain any amounts that remain standing to the credit of the Income Reserve Collection Account for its own account as an incentive payment for acting as Service Agent.

### ***Asset Substitutions***

In the Service Agency Agreement the Trustee and the Service Agent have agreed that, in relation to each Series and provided no Dissolution Event has occurred and is continuing, DIB may at any time exercise its rights under the Sale Undertaking to substitute (and, upon any Asset ceasing to be an Eligible Asset, the Service Agent will procure that DIB uses all reasonable endeavours to so substitute) any one or more of the

Assets as DIB may select (subject to any such Substituted Asset(s) being the Asset(s) ceasing to be Eligible Asset(s), if applicable) in accordance with the Sale Undertaking. The new Asset(s) for these purposes will be Eligible Assets (as defined in the Master Purchase Agreement) of a Value not less than the Value of the Substituted Asset(s) and any such substitution shall otherwise be undertaken on the terms and subject to the conditions of the Service Agency Agreement and the Sale Undertaking.

### ***Collection Accounts***

In relation to each Series, the Service Agent will maintain three ledger accounts (such accounts being the **Principal Collection Account**, the **Income Collection Account** and the **Income Reserve Collection Account**) in its books (each of which shall be denominated in the Specified Currency) in which all revenues from the Assets (the **Portfolio Revenues**) will be recorded. The Portfolio Revenues include all rental and other amounts payable by the relevant Asset Obligor under the terms of the relevant Asset Contract, and all sale proceeds or consideration, damages, insurance proceeds, compensation or other sums received by the Service Agent or DIB in whatever currency in respect of or otherwise in connection with the relevant Assets. All Portfolio Revenues in relation to each Series will be recorded:

- (a) to the extent that any such amounts comprise amounts in the nature of sale, capital or principal payments, expressed, whenever applicable, as an amount in the Specified Currency (following conversion, if necessary, of any relevant amounts at the spot rate of exchange determined by DIB) (**Portfolio Principal Revenues**) in the Principal Collection Account; and
- (b) to the extent that any such amounts comprise amounts other than Portfolio Principal Revenues (**Portfolio Income Revenues**), in the Income Collection Account.

Amounts standing to the credit of the Income Collection Account relating to each Series will be applied by the Service Agent on each **Distribution Determination Date** (being the Business Day immediately prior to the relevant Periodic Distribution Date under the Certificates of the relevant Series) in the following order of priority:

- (a) *first*, in repayment of any amounts advanced by way of a Liquidity Facility;
- (b) *second*, in payment of any Service Agency Liabilities Amounts for the Distribution Period ending immediately before the immediately following **Distribution Date** (being the date which corresponds with the relevant Periodic Distribution Date under the Certificates of the relevant Series);
- (c) *third*, the Service Agent will pay into the relevant Transaction Account an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Income Collection Account; and
- (d) any amounts still standing to the credit of the Income Collection Account immediately following payment of all of the above amounts shall be debited from the Income Collection Account and credited to the Income Reserve Collection Account.

For the purposes of the Service Agency Agreement, the **Required Amount** will mean an amount equal to the aggregate of the Periodic Distribution Amounts and any other amounts payable by the Trustee in respect of the relevant Certificates on each relevant Periodic Distribution Date.

The Service Agent will be entitled to deduct amounts standing to the credit of the Income Reserve Collection Account at any time and use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall (as defined and described below).

### ***Shortfalls and Liquidity Facilities***

If on a Distribution Determination Date (after (i) payment of the relevant amounts standing to the credit of the Income Collection Account into the relevant Transaction Account in accordance with paragraph (c) under “*Collection Accounts*” above and (ii) taking into account any other payments made or to be made into the relevant Transaction Account pursuant to any other Transaction Document) there is a shortfall (each a **Shortfall**) between:



- (a) the amounts standing to the credit of the relevant Transaction Account; and
- (b) the Required Amount payable on the immediately following Periodic Distribution Date,

the Service Agent will pay into the relevant Transaction Account on that Distribution Determination Date from the amounts standing to the credit of the Income Reserve Collection Account (if any) an amount equal to the Shortfall (or such lesser amount as is then standing to the credit of the Income Reserve Collection Account). If any Shortfall still remains after payment to the relevant Transaction Account of the amounts credited to the Income Reserve Collection Account (as described in this paragraph) and after payment to the relevant Transaction Account of all other amounts payable pursuant to any other Transaction Document, the Service Agent may either (A) provide Sharia compliant funding itself or (B) procure Sharia compliant funding from a third party, in each case, to the extent necessary, by payment of the same into the relevant Transaction Account, on terms that such funding is repayable (i) from Portfolio Income Revenues in accordance with the Service Agency Agreement or (ii) on the date on which the Certificates of the relevant Series are redeemed in full, to ensure that the Trustee receives on each Distribution Determination Date the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date (such funding in relation to a Series, a **Liquidity Facility**).

### ***Payments under the Service Agency Agreement***

The Service Agent has agreed in the Service Agency Agreement that all payments by it under the Service Agency Agreement will be made without any withholding or deduction for or on account of tax unless required by law and (save as set out therein and without prejudice to paragraph (l) under “– Services” above) without set-off or counterclaim of any kind and, in the event that there is any withholding or deduction, the Service Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such withholding or deduction had been made. The payment obligations of the Service Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and (subject to the provisions of the Purchase Undertaking) unsecured obligations of the Service Agent which rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of DIB save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### **Purchase Undertaking**

The Purchase Undertaking was executed as a deed on 7 November 2019 by DIB in favour of DIB Sukuk Limited (in its capacity as Trustee) and the Delegate, and is governed by English law.

DIB has, in relation to each Series, irrevocably undertaken in favour of the Trustee and the Delegate to purchase all of the Trustee’s rights, benefits and entitlements in and to the relevant Portfolio on the relevant Scheduled Dissolution Date or any earlier Dissolution Date in connection with the occurrence of a Dissolution Event for the relevant Series at the **Portfolio Exercise Price**, which shall be an amount in the Specified Currency equal to the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates of the relevant Series on the relevant Dissolution Date;
- (b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates of the relevant Series; and
- (c) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) any Service Agency Liabilities Amounts.

The Trustee is also entitled to exercise the Purchase Undertaking following any exercise by the Certificateholders of any relevant Series of their right to require the Trustee to redeem their Certificates on a Certificateholder Put Option Date, in which case DIB will be required to purchase a portion of the relevant Portfolio (such portion to comprise the **Certificateholder Put Option Assets**) with an aggregate Value no greater than the aggregate face amount of the Certificates to be redeemed. The exercise price (the **Certificateholder Put Option Exercise Price** and, together with the Portfolio Exercise Price, each an

**Exercise Price)** payable for the Certificateholder Put Option Assets will be an amount in the Specified Currency equal to the aggregate of:

- (a) the product of (i) the aggregate face amount of the relevant Certificateholder Put Option Certificates and (ii) the Optional Dissolution Amount (Certificateholder Put) Percentage specified in the applicable Final Terms;
- (b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the relevant Certificateholder Put Option Certificates; and
- (c) (only where no Certificate of the relevant Series remains outstanding following the exercise of the Certificateholder Put Option) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) any Service Agency Liability Amounts.

If the Delegate exercises any of the options described above, an exercise notice will be required to be delivered by the Delegate under the Purchase Undertaking.

If DIB fails to pay all or part of any Exercise Price that is due in accordance with the Purchase Undertaking and provided that no sale agreement has been entered into, then DIB will agree in the Purchase Undertaking that it will irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Service Agent for the provision of the Services in respect of the relevant Portfolio on the terms and conditions, *mutatis mutandis*, of the Service Agreement.

DIB has expressly declared in the Purchase Undertaking that:

- (a) the relevant Exercise Price represents a fair price for the purchase of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio or the relevant Certificateholder Put Option Assets, as the case may be; and
- (b) it shall irrevocably and unconditionally fully accept all or any ownership interest the Trustee may have in the relevant Portfolio or the relevant Certificateholder Put Option Assets, as the case may be, and, accordingly, shall not dispute or challenge all or any ownership interest the Trustee may have in any way.

DIB has further undertaken to the Trustee in the Purchase Undertaking that if the Portfolio Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the rights, benefits and entitlements of the Trustee in, to and under the Portfolio or any of the assets comprising the Portfolio, or for any other reason, DIB shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Portfolio Exercise Price.

In the Purchase Undertaking, DIB has undertaken that, so long as any Certificate is outstanding it shall not, and shall ensure that none of its Principal Subsidiaries will, create, or have outstanding, any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto creating and according to the Certificates the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution of the Certificateholders.

DIB has agreed that each of the following events will constitute a DIB Event:

- (a) if default is made in the payment of: (A) any Portfolio Income Revenues (as defined in the Service Agency Agreement) to be paid into the Transaction Account by the Service Agent in accordance with the terms of the Service Agency Agreement and such default continues for a period of seven days; or (B) any Exercise Price to be paid by DIB under the Purchase Undertaking or Sale Undertaking, as the case may be, and such default continues for a period of seven days; or

- (b) DIB defaults in the performance or observance of any of its other material obligations under or in respect of the Transaction Documents to which it is a party, unless, in the opinion of the Delegate, the default is capable of remedy and is remedied within 30 days after written notice thereof, addressed to DIB by the Delegate, has been delivered to DIB; provided, however, that the failure by DIB (acting in its capacity as Service Agent) to perform or observe the obligations set out in Clause 3.1(c) of the Service Agency Agreement will not constitute a DIB Event; or
- (c) at any time (following the expiry of any grace period permitted by applicable law) it becomes unlawful for DIB to perform or comply with any or all of its material obligations under the Transaction Documents to which it is a party; or
- (d) if DIB for any reason declares a moratorium on the payment of any Indebtedness or in respect of any guarantee of any Indebtedness given by it; or
- (e) any Indebtedness of DIB or any of its Principal Subsidiaries following valid demand or claim becomes due and payable prior to the stated maturity thereof (other than at the option of the debtor) or DIB or any of its Principal Subsidiaries fail to make any payment under any guarantee of any Indebtedness which is due and payable at the expiration of any grace period applicable thereto, provided that each such event shall not constitute a DIB Event unless the aggregate amount of all such Indebtedness, either alone or when aggregated with all other Indebtedness in respect of which such an event shall have occurred and be continuing, shall be more than US\$50,000,000 (or its equivalent in any other currency or currencies); or
- (f) any action, condition or thing at any time required to be taken, fulfilled or done in order (A) to enable DIB lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents to which it is a party or (B) to ensure that those obligations are binding is not taken, fulfilled or done within 28 days of the Delegate giving notice in writing to DIB; or
- (g) (A) DIB becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator, receiver, or liquidator of DIB or the whole or any part of the undertaking, assets and revenues of DIB is appointed, unless set aside within 28 days of such appointment, (C) DIB takes any action or commences any negotiations or proceedings with a view to (i) any adjustment of a material proportion of the whole or a specified class or category of Indebtedness, or (ii) making a general assignment or an arrangement or composition with or for the benefit of its creditors, or (D) DIB ceases or threatens to cease to carry on all or any substantial part of its business provided always that this sub-paragraph (g)(C) or (D) shall not apply to any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or
- (h) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of DIB, provided always that this paragraph (h) shall not apply to any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or
- (i) any event occurs which has an analogous effect to any of the events referred to in paragraphs (g) and (h) inclusive above; or
- (j) any execution is levied against, or an encumbrancer takes possession of, the whole or 15 per cent. or more of the property, undertaking or assets of DIB and its Subsidiaries taken as a whole (calculated by reference to the Accounts of DIB) or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or vexatious or are being actively contested in good faith by DIB or the relevant Subsidiary; or
- (k) DIB fails to comply with or pay any sum which amount shall not, in aggregate, be less than U.S.\$50,000,000 (or the equivalent thereof in any other currency or currencies) due from it under any one or more final non-appealable judgments or any one or more final non-appealable orders made or given by any court of competent jurisdiction and such failure continues for a period of 30 days next following service by the Delegate on DIB of notice requiring the same to be paid/remedied; provided,

however, that if the execution of any such judgment or order is stayed within that period of 30 days its value shall not count towards the U.S.\$50,000,000 threshold amount described in this paragraph (k),

provided that, in the case of paragraph (b) and, in respect of a Principal Subsidiary only, paragraph (e), such events shall only be a DIB Event if the Delegate has certified that, in its opinion, such event is materially prejudicial to the interests of the Certificateholders.

For the purposes of the negative pledge to be given by DIB and the DIB Events:

**Accounts** means (in the case of DIB) its then latest audited consolidated financial statements and (in the case of the relevant Subsidiary) its then latest audited consolidated (if available) or non-consolidated financial statements, provided that if audited financial statements for any Subsidiary have not been prepared in respect of any relevant period, Accounts shall, in relation to that Subsidiary, mean its management accounts for the relevant period;

**Indebtedness** means any present or future indebtedness of any person for or in respect of any money borrowed or raised including (without limitation) any liability arising under sukuk or other securities or any moneys raised under any transaction having the commercial effect of borrowing or raising money;

**Limited Indebtedness** means any Indebtedness, the aggregate outstanding principal amount of which does not, at any time, exceed ten per cent. (10 per cent.) of the aggregate share capital and reserves of DIB as shown in its most recent audited consolidated financial statements prepared in accordance with International Financial Reporting Standards;

**Non-recourse Project Financing Indebtedness** means any Indebtedness incurred in connection with any financing of all or part of the costs of the acquisition, construction or development of any project, provided that (a) any Security Interest given by DIB or the relevant Principal Subsidiary, as the case may be, is limited solely to assets of the project, (b) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of repayment for the monies advanced, and (c) there is no other recourse to DIB or the relevant Principal Subsidiary, as the case may be, in respect of any default by any person under the financing;

**Permitted Indebtedness** means the Non-recourse Project Financing Indebtedness, the Securitisation Indebtedness and the Limited Indebtedness;

**Principal Subsidiary** means:

- (a) a Subsidiary of DIB whose revenues or assets represent not less than ten per cent. (10 per cent.) of the consolidated revenues or consolidated assets of DIB, as calculated by reference to the Accounts; or
- (b) to which is transferred all or substantially all of the undertaking or assets of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary and the transferee Subsidiary shall immediately become a Principal Subsidiary, but shall cease to be a Principal Subsidiary under this paragraph (b) (but without prejudice to paragraph (a) above) upon publication of DIB's next Accounts.

A report by the Head of Finance (or any person who at any time carries out the equivalent function of such person (regardless of such person's title)) of DIB that in his opinion a Subsidiary of DIB is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

**Relevant Indebtedness** means any Indebtedness other than Permitted Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, sukuk certificates or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

**Securitisation Indebtedness** means any Indebtedness incurred in connection with any securitisation of existing or future asset and/or revenues, provided that: (i) any Security Interest given by DIB or any of its

Subsidiaries in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each party participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised; and (iii) there is no other recourse to DIB or any of its Subsidiaries in respect of any default by any person under the securitisation;

**Security Interest** means any mortgage, charge, lien or other security securing any obligation of any party; and

**Subsidiary** means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of DIB.

DIB has also agreed in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made free and clear of, and without any withholding or deduction for or on account of any Taxes (as defined therein) unless required by law and (save as set out therein) without set off or counterclaim of any kind and, in the event that there is any withholding or deduction, DIB shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such withholding or deduction had been made. The payment obligations of DIB under the Purchase Undertaking will be direct, unconditional, unsubordinated and (subject to the provisions described above) unsecured obligations of DIB which rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of DIB save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### **Sale Undertaking**

The Sale Undertaking was executed as a deed on 7 November 2019 by DIB Sukuk Limited (in its capacity as Trustee) in favour of DIB and is governed by English law.

Pursuant to the Sale Undertaking and subject to the Trustee being entitled to redeem the Certificates of the relevant Series for tax reasons in accordance with Condition 10.2, DIB will, by exercising its right under the Sale Undertaking and serving an exercise notice on the Trustee not less than 15 days plus the minimum period of notice and not more than 15 days plus the maximum period of notice specified in the applicable Final Terms prior to the Tax Dissolution Date, provided that no exercise notice may be given earlier than 75 days prior to the earliest date on which the Trustee or DIB, as the case may be, would be obliged to pay additional amounts referred to in the definition of Tax Event if a payment in respect of the Certificates (in the case of the Trustee) or to the Trustee pursuant to the relevant Transaction Documents (in the case of DIB) then due, be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio at the relevant Exercise Price. In addition, if the Optional Dissolution Right (Call) is specified in the applicable Final Terms as being applicable, DIB will, by exercising its right under the Sale Undertaking and serving an exercise notice on the Trustee not less than 15 days plus the minimum period of notice and not more than 15 days plus the maximum period of notice specified in the applicable Final Terms prior to the relevant Optional Dissolution Date, be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio at the relevant Exercise Price.

For these purposes, the **Exercise Price** will be an amount equal to the aggregate of:

- (a) (where the Certificates of the relevant Series are to be redeemed for tax reasons in accordance with Condition 10.2) the aggregate outstanding face amount of the Certificates of the relevant Series on the relevant Dissolution Date or (where the Certificates of the relevant Series are to be redeemed in accordance with Condition 10.3) the product of (i) the aggregate outstanding face amount of the Certificates of the relevant Series on the relevant Dissolution Date and (ii) the Optional Dissolution Amount (Call) Percentage specified in the applicable Final Terms;
- (b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; and
- (c) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) any Service Agency Liabilities Amounts.

DIB is able to exercise its rights under the Sale Undertaking to effect the in kind substitution of Assets, subject to any substitute Assets being Eligible Assets of a Value not less than the Value of the Substituted Assets. DIB is also able to exercise its rights under the Sale Undertaking (following any purchase of Certificates by DIB or any Subsidiary of DIB pursuant to Condition 13) to provide for the transfer, assignment and conveyance to it of an undivided ownership interest (the **Cancellation Interest**) in the relevant Portfolio calculated as the ratio, expressed as a percentage, of the aggregate face amount of the relevant Certificates to be cancelled (the **Cancellation Certificates**) to the aggregate face amount of the Certificates of the relevant Series immediately prior to the cancellation of such Cancellation Certificates, all as more particularly described in the Sale Undertaking. The Cancellation Interest will be specified in a cancellation notice and will have a Value no greater than the aggregate face amount of the Certificates of the relevant Series so purchased. Transfer of the Cancellation Interest will occur against cancellation of such Certificates by the Principal Paying Agent pursuant to the Conditions.

### **Trust Deed**

The Master Trust Deed was entered into on 23 February 2021 between DIB, the Trustee and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by English law.

Upon issue of the Global Certificate initially representing the first Tranche of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series comprise (unless otherwise specified in the relevant Supplemental Trust Deed), *inter alia*, the Trustee's rights, title, interest and benefit, present and future, in, to and under the relevant Portfolio, its rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than (i) in relation to any representations given to the Trustee by DIB pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents and (ii) the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed) and any amounts standing to the credit of the relevant Transaction Account.

Each Trust Deed will specify that, on or after the relevant Scheduled Dissolution Date or, as the case may be, Dissolution Date of a Series, the rights of recourse in respect of the relevant Certificates shall be limited to the amounts from time to time available and comprising the Trust Assets of that Series, subject to the priority of payments set out in the Trust Deed, the relevant Certificates and the Conditions. The Certificateholders have no claim or recourse against DIB Sukuk Limited in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to the Trust Deed, the Trustee will, in relation to each Series, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the relative Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder; and
- (b) act as trustee in respect of the relevant Trust Assets, distribute the income from the relevant Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

In the Master Trust Deed, the Trustee by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders has irrevocably and unconditionally appointed the Delegate to be its attorney and in its name and on its behalf to execute, deliver and perfect all documents and to exercise all the present and future duties, powers, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders and the power to sub-delegate and the power to make any determinations to be made under each Trust Deed) vested in the Trustee by each Trust Deed that the Delegate may consider to be necessary or desirable in order upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or prefunded to its satisfaction to perform the present and future duties, powers, authorities and discretions vested in the Trustee by the relevant provisions of each Trust Deed and any of the other Transaction Documents (provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Master Trust Deed or any other Transaction Document will be imposed on the Delegate by virtue of such delegation). The appointment of such delegate

by the Trustee is intended to be in the interests of the Certificateholders and will not affect the Trustee's continuing role and obligations as trustee.

The Delegate has undertaken in the Master Trust Deed that, following it becoming aware of the occurrence of a Dissolution Event in respect of any Series and subject to Condition 14 it shall (a) promptly notify the relevant Certificateholders of the occurrence of such Dissolution Event. Subject to the Delegate being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing, the Delegate may take all such steps as are necessary to enforce the obligations of DIB (in whatever capacity it is acting) under the relevant Trust Deed and any other Transaction Document to which DIB (in whatever capacity) is a party.

Pursuant to the relevant Trust Deed, DIB will also undertake to the Trustee that if the Portfolio Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the rights, benefits and entitlements of the Trustee in, to and under the Portfolio or any of the assets comprising the Portfolio, or for any other reason, DIB shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Portfolio Exercise Price.

If and to the extent the Trustee has exercised its rights under Condition 20 to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so issued, declaring that the assets comprising the relevant Additional Portfolio transferred to the Trustee (in respect of the issuance of the additional Certificates) and the Assets comprising the Portfolio immediately prior to the acquisition of the Additional Portfolio (in respect of the relevant Series as in existence immediately prior to the issue of such additional Certificates) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

The Master Trust Deed specifies, *inter alia*, that in relation to each Series:

- (i) following enforcing or realising the relevant Trust Asset and distributing the net proceeds of the Trust Assets in respect of the relevant Series to the Certificateholders in accordance with the Conditions and the relevant Trust Deed the obligations of the Trustee in respect of the Certificates shall be satisfied and the right of the Certificateholders to receive any further sums shall be extinguished and neither the Trustee nor the Delegate shall be liable for any further sums and, accordingly, the relevant Certificateholders may not take any action against the Trustee, the Delegate or any other person to recover any such sum or asset in respect of the relevant Certificates or the relevant Trust Assets;
- (ii) no Certificateholder shall be entitled to proceed directly against the Trustee and/or DIB, or provide instructions (not otherwise permitted by the Trust Deed) to the Delegate to proceed against the Trustee and/or DIB under any Transaction Document unless the Delegate having become bound so to proceed (a) fails to do so within a reasonable period or (b) is unable by reason of an order of a court having competent authority to do so, and such failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholders have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than pursuant to the Transaction Documents), and the sole right of the Delegate and the Certificateholders against the Trustee and DIB shall be to enforce their respective obligations under the Transaction Documents;
- (iii) the Delegate shall not be bound in any circumstances to take any action to enforce or realise the relevant Trust Assets or take any action against the Trustee and/or DIB under any Transaction Document unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-fifth of the then aggregate outstanding face amount of the Certificates of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing provided that the Delegate shall not be held liable for the consequences of exercising

its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders; and

- (iv) after enforcing or realising the relevant Trust Assets and distributing the net proceeds of the relevant Trust Assets in accordance with the terms of the relevant Trust Deed, the obligations of the Trustee and the Delegate in respect of the Series shall be satisfied and no Certificateholder may take any further steps against the Trustee and the Delegate to recover any further sums in respect of the relevant Series and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Certificates of the relevant Series shall be entitled in respect thereof to petition or to take any other steps for the winding-up of DIB Sukuk Limited.

### **Sharia Compliance**

Each Transaction Document to which it is a party provides that each of DIB Sukuk Limited and Dubai Islamic Bank PJSC agrees that it has accepted the Sharia compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of Sharia;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the Sharia compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of Sharia.



## TAXATION

*The following is a general description of certain tax considerations relating to Certificates issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Certificates. Prospective purchasers of any Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of the relevant Certificates and receiving payments under those Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### United Arab Emirates

*The following summary of the anticipated tax treatment in the UAE in relation to payments on the Certificates is based on the taxation law in force at the date of this Base Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.*

There is currently in force in the Emirate of Dubai legislation establishing a general corporate taxation regime (the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments of profit and principal to any holder of the Certificates or any payments to be made by DIB to the Trustee pursuant to the Transaction Documents to which it is a party. If any such withholding or deduction is required to be made in respect of payment(s) due by DIB under any Transaction Document to which it is a party, DIB has undertaken to gross-up the payments due by it accordingly. If any such withholding or deduction is required to be made in respect of payments due by the Trustee under the Certificates, (i) the Trustee has undertaken to gross-up the payment(s) accordingly (subject to certain limited exceptions) and (ii) DIB has undertaken to pay such additional amounts to the Trustee to enable it to discharge such obligation.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries.

### Cayman Islands

*The following is a discussion on certain Cayman Islands income tax consequences of an investment in Certificates to be issued under the Programme. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.*

Under existing Cayman Islands laws, payments by the Trustee on Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments of principal or profit to any holder of Certificates, nor will gains derived from the disposal of Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

## FATCA Disclosure

### *Foreign Account Tax Compliance Act*

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Certificates (as described under “*Terms and Conditions of the Certificates—Further Issues*”) that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

### **The Proposed Financial Transactions Tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 23 February 2021, agreed with the Trustee and DIB a basis upon which they or any of them may from time to time agree to purchase Certificates. Any such agreement will extend to those matters stated under “*Terms and Conditions of the Certificates*”. In the Programme Agreement, each of the Trustee and DIB has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue, offer and sale of Certificates under the Programme.

### SELLING RESTRICTIONS

#### United States

The Certificates have not been and will not be registered under the Securities Act, as amended, or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Certificates (i) as part of their distribution at any time or (ii) otherwise until expiration of 40 days after the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act, and it will have sent to each Dealer to which it sells Certificates during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until the expiration of 40 days after the commencement of the offering of any Tranche of Certificates, an offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering of such Tranche of Certificates) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Trustee and DIB for use in connection with the offer and sale of the Certificates outside the United States. The Trustee, DIB and the Dealers reserve the right to reject any offer to purchase the Certificates, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Trustee of any of its contents to any such U.S. person or other person within the United States, is prohibited.

#### Public Offer Selling Restriction under the Prospectus Regulation

In relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Certificates to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and DIB for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Certificates referred to above shall require the Trustee, DIB or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression an **offer of Certificates to the public** in relation to any Certificates in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

## **United Kingdom**

### ***Prohibition of sales to UK Retail Investors***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and DIB for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Certificates referred to above shall require the Trustee, DIB or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Certificates to the public** in relation to any Certificates means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates; and
- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

### ***Other regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or DIB; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

### **Cayman Islands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for the Certificates has been or will be made to the public in the Cayman Islands.

### **Japan**

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Certificates, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949 as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

### **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an **Exempt Offer** in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the **DFSA**) rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

### **Kingdom of Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the “Rules on the Offer of Securities and Continuing Obligations” as issued by the Board of the Capital Market Authority (the **CMA**) resolution number 3-123-2017 dated 27 December 2017, as amended by CMA resolution number 1-107-2021 dated 14 January 2021 (the **KSA Regulations**), made through an authorised person licensed by the CMA to carry out arranging activities by the CMA and following a notification to the CMA under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “Sophisticated Investors” under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer

appointed under the Programme will be required to represent and agree, that any offer of Certificates by it to a Saudi Investor will be made in compliance with Article 11 and either Article 9 or Article 10 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

### **Kingdom of Bahrain**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis to persons in Bahrain who are “accredited investors”.

For this purpose, an **accredited investor** means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person’s principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

### **State of Kuwait**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Certificates will be offered, sold, promoted or advertised by it in the State of Kuwait, other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto as amended governing the issue, offering and sale of the Certificates.

No private or public offering of the Certificates will be made in the State of Kuwait, and no agreement relating to the sale of the Certificates will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities will be used to offer or market the Certificates in the State of Kuwait.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures Act (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## **Malaysia**

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, the Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase any Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official

directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

## **PRC**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Certificates in, the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) or to residents of the PRC unless such offer and sale is made in compliance with all applicable laws and regulations of the PRC.

## **General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, DIB, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Trustee, DIB, the Delegate and any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates.



## **GENERAL INFORMATION**

### **Authorisation**

The establishment of the Programme and the issue of Certificates have been duly authorised by a resolution of the Board of Directors of the Trustee dated 10 May 2012. The update of the Programme and the issue of Certificates thereunder has been duly authorised by a resolution of the Board of Directors of the Trustee dated 22 February 2021. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Certificates to be issued under the Programme and the execution and performance of the Transaction Documents to which it is a party. The entry into of the Transaction Documents to which it is a party has been duly authorised by resolutions of the Board of Directors of DIB dated 29 April 2012 and 16 February 2021.

### **Listing**

It is expected that each Tranche of Certificates which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Tranche.

Application has been made to Euronext Dublin for Certificates issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to listing on the Official List and admitted to trading on the Euronext Dublin Regulated Market.

Application has also been made to the DFSA for Certificates issued under the Programme to be admitted to the DFSA Official List. An application may be made for any Tranche of Certificates to be admitted to trading on Nasdaq Dubai.

However, Certificates may be issued pursuant to the Programme which will not be listed on Euronext Dublin or any other stock exchange or which will be listed on such stock exchange as the Trustee and the relevant Dealer may agree.

### **Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in relation Certificates issued under the Programme and is not itself seeking admission of such Certificates to the Official List or to trading on the Euronext Dublin Regulated Market for the purposes of the Prospectus Regulation.

### **Documents Available**

For the period of 12 months following the date of this Base Prospectus, copies (and English translations where the documents in question are not in English) of the following documents will, when published, be available for inspection from <https://www.dib.ae>:

- (a) the Trust Deed and the Agency Agreement; and
- (b) the Memorandum and Articles of Association of the Trustee and the constitutional documents (with an English translation thereof) of DIB.

This Base Prospectus will be available for viewing on (i) the website of Euronext Dublin (<http://www.ise.ie>) and (ii) the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>).

### **Clearing Systems**

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche will be specified in the applicable Final Terms.

If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Significant or Material Change**

Other than in connection with the Certificates issued thus far under the Programme, there has been no significant change in the financial performance or financial position or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

Save as disclosed on pages 1 and 2 of this Base Prospectus in *“Risk Factors – Factors that may affect DIB’s ability to fulfil its obligations under the Transaction Documents to which it is a party – The Group’s business, financial condition, results of operations and prospects are and will continue to be affected by economic conditions and the impact of COVID-19 on the UAE’s economy is likely to materially adversely impact the Group”*, there has been no significant change in the financial performance or financial position or trading position of DIB and its subsidiaries and there has been no material adverse change in the prospects of DIB and its subsidiaries, in each case, since 31 December 2020.

### **Litigation**

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

Save as disclosed on pages 9 and 10 of this Base Prospectus in *“Risk Factors – Factors that may affect DIB’s ability to fulfil its obligations under the Transaction Documents to which it is a party – The Group is party to litigation related to the terrorist attacks on New York City on 11 September 2001”*, neither DIB nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which DIB is aware) in the 12 months preceding the date of the Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of DIB or any of its subsidiaries.

### **Auditors**

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

The auditors of DIB are Deloitte & Touche (M.E.) (**Deloitte**) of P.O. Box 4254, Dubai, UAE. Deloitte is a registered audit firm in the UAE, operating under professional licenses issued by the Dubai Economic Department and the UAE Ministry of Economy. There is no professional institute of auditors in the UAE and accordingly, Deloitte is not a member of a professional body in the UAE. All Deloitte professionals and partners are members of the institutes from where they received their professional qualification.

The Audited Financial Statements have been audited by Deloitte in accordance with International Standards on Auditing, without qualification, as stated in their audit reports incorporated by reference into this Base Prospectus.

### **Dealers Transacting with DIB**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, DIB (and its affiliates) in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, DIB and

their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, DIB and their affiliates routinely hedge their credit exposure to the Trustee, DIB and their affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Cayman Islands Data Protection**

The Cayman Islands Government enacted the Data Protection Act (as Revised) of the Cayman Islands (the **DPA**) on 18 May 2017 which was brought into force on 30 September 2019. The DPA introduces legal requirements for the Trustee based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances).

For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at [dubai@maples.com](mailto:dubai@maples.com)), which provides an outline of investors' data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

### **Sharia Approvals**

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by each of the Fatwa and Sharia Supervisory Board of DIB and the Sharia Committee of Dar al Sharia Islamic Finance Consultancy LLC, First Abu Dhabi Bank Internal Shariah Supervision Committee, the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited and Standard Chartered Bank Global Shariah Supervisory Committee. Prospective Certificateholders should not rely on any of the approvals referred to above in deciding whether to make an investment in the Certificates and should consult their own Sharia advisers as to whether the proposed transaction is in compliance with Sharia principles.

*Description of the members of the Fatwa and Sharia Supervisory Board of DIB, First Abu Dhabi Bank Internal Shariah Supervision Committee, the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited and of Standard Chartered Bank Global Shariah Supervisory Committee*

#### ***Fatwa and Sharia Supervisory Board of DIB***

*Professor Dr. Mohamed Ali Elgari*

Dr. Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in the Kingdom of Saudi Arabia. Dr. Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIFF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member on the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them the Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London), and the advisory board of the Harvard Series in Islamic Law, Harvard Law School.

Dr. Elgari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Shariah board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Dr. Elgari holds a PhD in Economics from the University of California, United States of America.

*Dr. Muhammad Qaseem*

Dr. Qaseem holds a PhD (Islamic Studies) from the Faculty of Usul ud Dinis, University of Karachi. He has been a member of the Sharia boards of many other institutions. Dr. Qaseem has taught various courses for a number of B.A. and M.A. programmes of the International Islamic University, Islamabad.

Dr. Qaseem has produced many academic contributions, articles and literary and translation works.

*Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama*

Sheikh Dr. Al Olama is a member of the Grand Islamic Scholars Body in Dubai, an Associate Professor of the School of Shari'a at the United Arab Emirates University in Al Ain and an acknowledged expert in Islamic finance. Sheikh Dr. Al Olama is also the head of the Fatwa Committee of the Zakat Funds in the UAE. He currently serves on a number of Shari'a boards representing Islamic financial institutions and Takaful companies.

Sheikh Dr. Al Olama has written extensively on modern Islamic finance and has presented numerous research papers at various international conferences. Sheikh Dr. Al Olama holds a PhD in Comparative Islamic Law from Umm Al Qurra University in Mecca, Kingdom of Saudi Arabia.

*Prof. Dr. Mohamad Akram Laldin*

Prof. Dr. Laldin is currently the Executive Director of ISRA. He is currently a member of Bank Negara Malaysia Shari'ah Advisory Council (SAC), member of Shariah Advisory Employees Provident Fund (EPF), member of HSBC Amanah Global Shari'ah Advisory Board, member of Yassar Limited (Dubai) Shari'ah Advisory Board, member of EAB (London) Shari'ah Advisory Board, Chairman of Islamic Advisory Board of HSBC Insurance Singapore, Shari'a advisor to ZI Syariah Advisory Malaysia, member of Shari'ah Advisory Council International Islamic Financial Market (IIFM), Bahrain, Committee member of AAOIFI Shari'ah Standards, Bahrain and other Boards across the globe. He is also a member of the Board of Studies of the Institute of Islamic Banking and Finance, IIUM.

Prof. Dr. Laldin holds a B.A. honours degree in Islamic Jurisprudence and Legislation from the University of Jordan, Amman, Jordan and a PhD in Principles of Islamic Jurisprudence (Usul al-Fiqh) from the University of Edinburgh, Scotland, United Kingdom. He has presented many papers related to Islamic Banking and Finance and other Fiqh topics and has conducted many training sessions particularly on Islamic Banking and Finance for different sectors since 1999. He is also a prolific author of academic works specifically in the areas of Islamic Banking and Finance. He is the recipient of Zaki Badawi Award 2010 for Excellence in Shariah Advisory and Research. He has participated and presented papers in numerous local and international conferences.

*Dr. Ibrahim Ali Al Mansoori*

Dr. Al Mansoori is a prominent Shari'a scholar from the UAE with an active focus on the Islamic banking and finance industry. He is currently serving as Director of Sharjah Islamic Center for Economy & Finance Studies and the Assistant Professor of Economy & Islamic Banks, University of Sharjah.

Dr. Al Mansoori is currently serving as the Chairman of the Internal Shari'ah Supervision Committee (ISSC) of Al Hilal Bank and a member of various ISSCs of Islamic financial institutions.

Dr. Al Mansoori holds a PhD in Economics & Islamic Banking, as well as two Master's Degrees in Economics & Islamic Banking and Pedagogical Psychology. He has authored various research papers on contemporary matters relating to Islamic Banking.

***First Abu Dhabi Bank Internal Shariah Supervision Committee***

***Dr. Mohd Daud Bakar***

Dr. Bakar was previously the deputy vice-chancellor at the International Islamic University Malaysia. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he went on to complete his external Bachelor of Jurisprudence at University of Malaya. He has published a number of articles in various academic journals and has made numerous presentations at conferences both locally and overseas.

Dr. Bakar is currently the chairman of the Shariah Advisory Council of the Central Bank of Malaysia, the SACSC and the Shariah Supervisory Council of Labuan Financial Services Authority. He is also a member of the Sharia board of Dow Jones Islamic Market Index (New York), Oasis Asset Management (Cape Town, South Africa), The National Bank of Oman, Financial Guidance (USA), BNP Paribas (Bahrain), Morgan Stanley (Dubai), Jadwa-Russell Islamic Fund (Kingdom of Saudi Arabia), Bank of London and Middle East (London), Noor Bank (Dubai), Islamic Bank of Asia (Singapore), and in other financial institutions both locally and abroad. Dr. Bakar also actively advises on capital markets product structuring such as sukuk.

***Dr. Mohamed Ali Elgari***

See the description of Dr. Elgari set out above.

***Dr. Salim Al-Ali***

Dr. Salim Al-Ali is specialised in Islamic financial law, and legal and regulatory aspects of developing Islamic financial markets and participated in national and international conferences to address Shariah, legal and regulatory issues related to Islamic banks, Islamic capital markets and takaful. He is also actively involved in the area of Islamic finance by way of consultation, teaching and academic research in different jurisdictions including Malaysia, the UAE and the United Kingdom. He is also a member of the Shariah boards of Emirates NBD, HSBC Bank Middle East Limited, Al Hilal and Abu Dhabi Commercial Bank.

Dr. Salim Al-Ali is Assistant Professor at the College of Law, United Arab Emirates University, UAE. He obtained his PhD in Islamic Financial Law from the University of London, United Kingdom.

***Internal Shariah Supervision Committee of HSBC Bank Middle East Limited***

***Dr. Mohamed Ali Elgari***

See the description of Dr. Elgari set out above.

***Dr. Aznan Hasan***

Dr. Aznan Hasan is an Associate Professor in Islamic Law at Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia and has taught Islamic law there since 2003. He is also President of the Association of Shariah Advisors in Islamic Finance and has been Deputy Chairman of the Shariah Advisory Council, Securities Commission of Malaysia since July 2010. He was a member of the Shariah Advisory Council, Bank Negara Malaysia (from November 2006 to August 2008 and from November 2010 to October 2013). He is also the Chairman of the Shariah Supervisory Board, Shariah Advisory Committee, Barclays DIFC (April 2011 to present). He is Shariah adviser to Maybank Islamic in Malaysia and has been advising ABSA Islamic Banking, South Africa since July 2010.

***Dr. Salim Al-Ali***

See the description of Dr. Al-Ali set out above.

## **Standard Chartered Bank Global Shariah Supervisory Committee**

*Dr. Mohamed Ali Elgari*

See the description of Dr. Elgari set out above.

*Sheikh Nizam Yaquby*

Sheikh Yaquby studied traditional Islamic studies under the guidance of eminent Islamic scholars from different parts of the world. He has a BA in economics and comparative religions from McGill University, Canada. He has served in Bahrain Mosques from 1981 to 1990 where he taught Tafsir, Hadith and Fiqh in Bahrain since 1976. In addition to advising Citi Islamic Investment Bank E.C. and other Islamic finance institutions and funds, Sheikh Yaquby is a member of the Islamic Fiqh Academy and Auditing and Accounting Organisation for Islamic Financial Institutions. He has published several articles and books on various Islamic subjects including banking and finance.

*Dr. Aznan Hasan*

See the description of Dr. Hasan set out above.

**TRUSTEE**

**DIB Sukuk Limited**  
c/o MaplesFS Limited  
P.O. Box 1093  
Queensgate House  
Grand Cayman, KY1-1102  
Cayman Islands

**DIB**

**Dubai Islamic Bank PJSC**  
P.O. Box 1080  
Dubai  
United Arab Emirates

**DELEGATE**

**Deutsche Trustee Company Limited**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**PRINCIPAL PAYING AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

**AUDITORS TO DIB**

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